Science: tackling global challenges

Trustees' report and financial statements for the year ended 31 March 2022
The Royal Society’s fundamental purpose, reflected in its founding Charters of the 1660s, is to recognise, promote and support excellence in science and to encourage the development and use of science for the benefit of humanity.

The Society is a self-governing Fellowship of distinguished scientists drawn from all areas of science, technology, engineering, mathematics and medicine.

The Society has played a part in some of the most fundamental, significant and life-changing discoveries in history and Royal Society scientists – our Fellows and those people we fund – continue to make outstanding contributions to science and help to shape the world we live in.

Above: Royal Society funded research looking into the environmental and genetic basis of migratory insects, led by Research Fellow, Dr Karl Wotton (not pictured). Photo courtesy of WH Hawkes.
The Society’s heritage

The Society has played a part in some of the most fundamental, significant and life-changing discoveries in scientific history.

1662
The Royal Society publishes its first book, John Evelyn’s Sylva. This recognised the impact of humans on the natural world and the need for sustainability.

1872
The launch of the HMS Challenger expedition, heralds the creation of a new scientific discipline – oceanography. Organised by the Royal Society and the Admiralty, the voyage vastly increased knowledge of ocean ecosystems and identified over 4,000 new marine species.

1665
The world’s first science journal was launched – Philosophical Transactions. It is still published today.

1736
The Copley Medal is established from an endowment of £100 received from the estate of Sir Godfrey Copley in 1709. It is the world’s oldest scientific honour, a prestigious forerunner of the Nobel Prize.

1851
The UK Government awards the Society its first annual Government grant of £1,000 to be distributed for ‘private individual scientific research’.

1964
Royal Society Wolfson Research Professor Dorothy Hodgkin FRS becomes the UK’s only female Nobel Prize-winning scientist. She used X-ray crystallography to solve the structure of penicillin.

2001
Sir Tim Berners-Lee FRS is elected to the Fellowship. His proposal of a global hypertext project in 1989 resulted in the creation of the World Wide Web.

2010
Royal Society University Research Fellow, Kostya Novoselov, shares the Nobel Prize in Physics with Andre Geim for their work on graphene. This new form of carbon is only one atom thick but could lead to the manufacture of innovative electronics.

2011
The Society publishes Open Biology, its first fully open access journal.

1953
Francis Crick and James Watson determined the structure of DNA, detailing their breakthrough in a paper to the Royal Society.

1964
Dutch microscopist Antoni van Leeuwenhoek FRBS writes to the Royal Society for the first time. His letter begins a 50-year correspondence vital in establishing the new discipline of microbiology, including the first observation of bacteria.

1673
The Royal Society is founded, following a lecture by Christopher Wren.

1660
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1665
The world’s first science journal was launched – Philosophical Transactions. It is still published today.
Science in a changing world

As the world emerges from a period of rapid change, it faces a number of pressing challenges, and science is key to unlocking the solutions.

Science is a critical requirement for innovation and advancing our knowledge. It enables the creation of new technologies and products and is the foundation to the efforts of creating a sustainable world.

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Complex scientific problems

Globally, decision-makers are confronted by a range of exceptionally complex issues that cut across national borders. Many of the collective challenges faced by the world today have significant scientific dimensions, including climate change, the degradation of the biosphere, food insecurity and the prospect of further public health emergencies.

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Academic freedom and the culture of science

There are widespread challenges in the culture of science, including potential threats to academic freedom, concerns about rising bureaucracy and the presence of perverse incentives that are working against real quality in research.

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Value of UK science

International collaboration is critical to excellent science. In the wake of Brexit and the recent reduction in ODA commitments, the UK’s position in the world has shifted, along with perceptions of the value of the UK as a science partner. There have been a number of high-profile initiatives to attract talent to the UK, but these need to be complemented by a recognition of the importance of mobility from within the UK to other countries and clear commitments to strengthen the pipeline of domestic talent.

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Funding landscape

Within the UK, we are seeing the emergence of new models of science and innovation funding, and there have been rapid and frequent changes in the policy landscape, both with respect to science itself and areas affected by it. More certainty regarding long-term plans for the research environment is critical for the research community.

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Mistrust and misinformation

The global rise in populism and nationalism presents a unique threat to the principles that underpin scientific discourse and endeavour. Isolationist, inward-looking policies endanger the networks and investment that are necessary for international collaboration. Growing levels of mistrust and misinformation serve to erode the openness and freedom upon which decades of extraordinary scientific discovery have depended.

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Digital technology

Research is becoming increasingly digital, with more reliance on online resources, specialised programs and machinery. In some respects, these developments have accelerated innovation and increased access to scientific knowledge. However, the benefits of technological progress are not always distributed equally and there are instances where our increased reliance on digital technology has also served to centralise power, polarise opinion and entrench existing inequalities.

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Challenges in the scientific landscape.

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Meeting these challenges at the Royal Society

The Royal Society funds excellent researchers in a way that supports stability and inventiveness, enabling them to follow the science wherever it leads. The Society’s independence, stature and reach means it is uniquely placed to support scientific discovery in a changing global context.

Our new strategy sets out our ambitions for the Royal Society over the next five years and beyond. It highlights areas where the Royal Society can make the most difference and sets out our vision for developing and sustaining a pool of scientific talent that is fit for the challenges of the future.

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Read more about the new strategy on page 21
The Society at a glance

The Royal Society has three roles that are key to fulfilling its purpose:

Our purpose
The Society’s mission is to recognise, promote and support excellence in science and to encourage the development and use of science for the benefit of humanity.
Scientific research and innovation advance our economic, social and cultural well-being, provide health benefits and are key to sustainable long-term economic growth.

How we are governed
The governing body of the Society is its Council, whose members are elected by and from the Fellowship. Council is responsible for determining the strategic direction of the Society and approving specific charitable programmes.

What we do
The Society recognises scientific excellence, funds scientific research, publishes scientific research, promotes science education and communication, supports scientific collaboration and provides scientific advice for policy.

Charity
As a registered charity, the Royal Society undertakes a range of activities that provide public benefit either directly or indirectly. These include providing financial support for scientists at various stages of their careers, funding programmes that advance understanding of our world, organising scientific conferences to foster discussion and collaboration, and publishing scientific journals.

Fellowship
As a Fellowship of outstanding scientists embracing the entire scientific landscape, the Society recognises excellence and elects Fellows and Foreign Members from all over the world.

National academy
As a national academy, the Society represents the UK research community and collaborates with international partners to advocate for science and its benefits. It provides authoritative and independent advice on matters of science that support the public good, including policies that promote excellent science and scientific issues that inform public policy.

Highlights 2021/22

- £127.7m total expenditure
- Over 40m downloads of articles from Royal Society journals
- 53% of published papers were open access, compared to 45% in 2020/21
- 205 staff organised into programmes, services and trading sections as at 31 March 2022
- Over 7,000 downloads of the Society’s policy briefings on science and technology areas that are key for accelerating progress towards ‘net zero’
- 986 researchers currently supported by the Royal Society through its research fellowships
- 62 new Fellows and Foreign Members elected, including 20 women
- Over 1.1m views of the Society’s videos in partnership with BBC Ideas on the BBC website and the Society’s YouTube channel
- Over 450,000 views of Summer Science content across the Society’s YouTube channel
- 23 Commonwealth science academies, including the Royal Society, called on their leaders to address the interlinked challenges of climate change, biodiversity loss and health.

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The Society’s mission is to recognise, promote and support excellence in science and to encourage the development and use of science for the benefit of humanity. Scientific research and innovation advance our economic, social and cultural well-being, provide health benefits and are key to sustainable long-term economic growth.
We are living in difficult times but over the last year the Royal Society has been at the forefront of a science community that is focused on enhancing our knowledge and using that for the benefit of humanity.

Recent years have shown the value of science in very stark terms, but investment in a knowledge and innovation-based economy is also crucial to the UK's long-term economic well-being.

The role of science in shaping our lives has continued to be highlighted over the past year by the ebb and flow of the COVID-19 pandemic. The Royal Society's mission to recognise, promote and support excellence in science and to encourage the development and use of science for the benefit of humanity has continued to be made real, on a daily basis, with vaccines fundamentally changing the course of the pandemic.

Every life lost to COVID-19 is a tragedy but every life saved by vaccine programmes and treatments is a reminder of science’s contribution to the UK and international response over the last year.

Another major issue to the fore last year was climate change and biodiversity loss. Global attention focused on the UK with COP26 being hosted in Glasgow. In March 2021 the Royal Society and its sister academies in the other G7 countries, launched three statements aimed at the G7 leadership. The statements included policy recommendations on the three inter-related crises of climate change, biodiversity loss and health.

These statements formed the basis of our influencing work around COP26 and the UK's presidency. The Royal Society also launched a series of briefings on science and technology areas that are key for accelerating progress towards net zero greenhouse gas emissions and increased resilience to climate change. This work drew on the expertise of over 120 scientists from more than 20 countries. While the outcomes of COP fell short of what is required to limit warming to 1.5C, some progress has been made and the Society will continue to work with the science community to ensure that policymakers are informed by the strongest evidence.

Recent years have shown the value of science in very stark terms, but investment in a knowledge and innovation-based economy is also crucial to the UK’s long-term economic well-being. The Royal Society has continued to advocate for increased public investment and last year’s spending review was a crucial moment. The Society worked behind the scenes and with a high-profile media campaign, bringing together the science and business communities.

The Spending Review saw the Chancellor commit to increase funding to £20 billion a year by the end of this parliament, with a clear plan to reach £22 billion by 2026/27. The budget in 2021/22 was £14.7 billion. While reaching the £22 billion target has been delayed from previous commitments, in these difficult times this commitment is a positive signal about the Government’s ambition to grow the full potential of the UK as a leader in science and innovation.

In last year’s Trustees’ Report, I celebrated the achievement of one of the Royal Society’s goals – a post-Brexit Government commitment to associating to the EU research funding programme, Horizon Europe. This formed part of the joint Brexit agreement with the EU, announced on Christmas Eve 2020. That commitment has still not been delivered upon. The Royal Society has continued to press London and Brussels to prioritise science and conclude the agreement. The delay has damaged both UK and EU science.

This year, the Society has been working with the Government and the rest of the science community to prepare for a plan B if association does not become a reality. This could have major implications for the funding of UK science and for the Society’s own funding programmes. As we entered the second year of my Presidency, the Society has launched a new five-year strategy. The world in which we are operating is one where rapid change is presenting a set of challenges and opportunities. We face exceptionally complex issues with significant scientific dimensions, including climate change and biodiversity loss and the prospect of further public health emergencies. There are threats to the openness on which science thrives from populism and nationalism. The UK’s strength as a global partner is under question and the science community itself needs to look at how research is done and who is getting to do it.

Through all of this the Society’s work will be guided by some key principles: independence, a role as a partner and convener, equality, diversity and inclusion; and an international focus. The plan will focus on five broad areas of work: the Fellowship and Foreign Membership; influencing; the research system and culture; science and society; and work relating to the Society’s corporate and governance issues.

While science has a part to play in tackling many global challenges, there are others where there is a less obvious role. Such is the case with the Russian attack on Ukraine. However, the Royal Society did join with the national science academies of the G7 nations to condemn the unprovoked attack as a clear violation of international law and of humanity’s core values.

We are living in difficult times but over the last year the Royal Society has been at the forefront of a science community that is focused on enhancing our knowledge and using that for the benefit of humanity. That work continues.

Sir Adrian Smith
President of the Royal Society
Executive Director’s statement

The last few years have, of course, been dominated by the pandemic but with a year of working remotely under our belt, the Society adapted well and our outputs extended far beyond those relating to the pandemic.

The Society welcomed 51 Fellows, 10 Foreign Members and 1 Honorary Fellow into the Fellowship this year with 20 women in this year’s intake. Their achievements and research range from the detection of a new type of neuron in the human brain and the design and development of new vaccines for globally important infectious diseases to a new way of looking at Einstein's theory of general relativity. You can read more on page 13.

The Royal Society’s grant expenditure, in the last financial year, was more than £101.6 million. Through our grants programmes, the Society supported over 900 researchers at different points in their careers, as well as hundreds of PhD students, postdoctoral research assistants and technicians, both in the UK and around the world. You can find out more on page 12.

The Entrepreneurs in Residence scheme continued to provide opportunities for industrial scientists and entrepreneurs to work in a UK university on a bespoke project. Linking universities and industry is important to maintain the strength of universities in translating leading research discoveries into new businesses and commercial products.

This year, there were more virtual and in-person Transforming our Future (ToF) events, including ‘The Science of COVID’ with speakers including Sir Patrick Vallance FRS and Professor Chris Whitty. The ToF meetings are unique, high-level events that address scientific and technical challenges of the next decade and bring together leading experts from the wider scientific community, industry, government and charities.

Creating Connections are regional and national meetings which bring together experts from academia, industry and government to share their perspectives on supporting R&D. Scientific research and innovation can often stimulate local and regional development and opportunities. In the last year, conferences have taken place in Edinburgh and Coventry.

The move to a sustainable open access publishing model for journals carried on and 53% of our articles are now published as open access. We remain committed to moving the journals Biology Letters, Interface, Proceedings A, and Proceedings B to a fully open access model when 75% of articles are being published open access.

A substantial amount of the Society’s work is internationally focused, reflecting the global nature of science.

Last year the UK hosted the G7 leaders’ summit and in response the Society, together with the national science academies of the G7 members, proposed a science agenda for the event. The Society then published The Climate Change: science and solutions briefings prior to the 2021 United Nations Climate Change Conference (COP26). You can read more on page 17.

The Society issued a joint statement with the G7 science academies to condemn Russia’s invasion of Ukraine.

The programme of scientific meetings continued to bring together world-leading experts to advance their fields of research. In the latter half of the year, more of the meetings changed to hybrid and in-person formats.

An important part of the Society’s work is producing scientific advice for policy-makers and this year reports covered issues including students’ subject choices at A level and scientific misinformation. The themes of climate change, net zero policies and technology also shaped many of our reports over the past year. Thirty schools took part in the Tomorrow’s climate scientists programme and you can read more about this scheme on page 20.

The Royal Society Book Prize, which is generously supported by Insight Investment, was won by Entangled Life: How Fungi Make Our Worlds, Change Our Minds and Shape Our Futures by biologist and writer Merlin Sheldrake.

The Summer Science Exhibition continued in an online format this year with an estimated 60,000 users to the digital hub and over 450,000 views on YouTube. The inaugural David Attenborough prize lecture by Professor Alice Roberts was popular with over 115,000 views. In 2022, Summer Science returns as a hybrid event with activities and exhibits at Carlton House Terrace.

The Society’s partnership with educational video platform BBC Ideas went from strength to strength. The series of seven films has now been viewed over 11 million times on the BBC Ideas website and the Society’s YouTube channel.

Our archives are rich with history and this year the Society was grateful to receive archival donations such as fine paintings of marine life by Thomas Alan Stephenson FRS (1898-1969) amongst others.

Science and the Law continued with an in-person seminar on Sex, Gender and the Law in November 2021 and the publication of two primers published on Collision Investigation Analysis and Forensic Anthropology. In June 2021 at Creating Connections, a Science and the Law roundtable took place where delegates gave feedback on the utility of the primer and made suggestions for future topics.

It has still been a very busy and rewarding year for the Society and I am grateful for the hard work and commitment of our staff.

Under Adrian Smith the Society will be working to a new five-year strategy whilst our overarching purpose remains unchanged. The Society will continue to promote and support excellence in science and encourage the use of science to benefit humanity. With the UN Biodiversity Conference (COP 15) and the third International Summit on Human Genome Editing taking place in 2023, there is much to look forward to.

Dr Julie Maxton
Executive Director of the Royal Society
Fulfilling the Society’s purpose for public benefit

The Society’s purpose is to recognise, promote and support excellence in science and to encourage the development and use of science for the benefit of humanity.

Research and innovation advance our economic, social and cultural well-being, provide health benefits and are key to sustainable long-term economic growth. The Society is concerned with excellent science, wherever and by whomever it is done, and is committed to increasing diversity in science, technology, engineering and mathematics (STEM).

### The Society carries out several activities to fulfil its purpose:

<table>
<thead>
<tr>
<th>Activities include:</th>
<th>Value created</th>
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<tr>
<td>• Electing exceptional scientists to the Fellowship;</td>
<td>For researchers:</td>
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<td>• Promoting scientific achievements; and</td>
<td>Wider society:</td>
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<td>• Demonstrating the economic impact of science investment.</td>
<td>Increased public and private investment in research.</td>
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<td>• Working for greater equality, diversity and inclusion in the scientific workforce.</td>
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<td>• Organising discussion meetings to advance scientific collaboration and discovery, and</td>
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<td>• Promoting excellence in the teaching of STEM subjects and supporting teachers to be part of the scientific community; and</td>
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<td>• Staging programmes to engage the public with science.</td>
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<tr>
<td>• Providing expert scientific advice to policy-makers; and</td>
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<td>• Ongoing emphasis on the importance of evidence-based policy.</td>
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<td>• Publishing high-quality, cutting-edge research;</td>
<td>Improved scientific literacy in general public.</td>
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<td>• Supporting open science through open access publishing and open data, and</td>
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<td>• Transparent approach to peer review, funder identification, authorship statements and registered reports.</td>
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<td>Improved the reliability of research for others to build on</td>
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<tr>
<td>• Novel scientific research.</td>
<td>Better policy decisions will lead to better outcomes.</td>
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<td>• Insight into solving global challenges.</td>
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<td>• Developing scientific leaders.</td>
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<td>• Public is inspired to explore and engage with science in all its forms</td>
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<td>• Collaboration and knowledge-sharing accelerates scientific innovation.</td>
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- **62** new Fellows and Foreign Members were elected to the Fellowship in 2021/22
- **986** active researchers currently supported by the Royal Society
- **£9.8m** spent on fostering international and global cooperation
- **155,000** subscribers to the Society’s YouTube channel (96% increase from 2020/21)
- **30** publications produced to influence policy-makers
- **53%** of papers published were open access
The Society’s 2017 – 22 strategy at a glance

This year marks the final year of our current strategic plan. As it draws to a close, we reflect on its three priority areas and highlight some of the key achievements of the last five years.

### Priorities

#### Promoting excellence in science

1. Elect exceptional scientists to the Fellowship
2. Advise on the research landscape
3. Demonstrate the economic impact of science investment
4. Fund outstanding researchers
5. Recognise scientific achievements
6. Encourage and support innovation
7. Publish scientific research

#### Supporting international scientific collaboration

1. Proactive engagement on major issues
2. Address global challenges
3. Partner with leading scientific nations on new technologies
4. Implement Commonwealth programmes
5. Convene leading international meetings to advance science

#### Demonstrating the importance of science to everyone

1. Increase scientific advice for policy-makers
2. New programme of public dialogue and engagement
3. Integrate science into public debate and culture
4. Promote the value of STEM education
5. Inspire through historic collections

### Progress on the strategy in 2021/22

- Over the last 12 months the Royal Society has funded 986 research Fellowships, helping to attract and retain early career researchers in the UK science system.
- Continued recognition of scientific excellence through the election of 62 new Fellows and the Royal Society’s ongoing reward and medals programmes.
- Played an influential role in holding the Government to account on its research and development budget commitments, during a year which saw the Government pledge an additional £250 million of funding for science research.

### Progress at end of 2017 – 22 Strategy

- The Royal Society has funded over £477 million in grants to over 4,600 individuals, enabling scientists to conduct ground-breaking research in a wide range of subjects across the natural sciences and engineering.
- Played a key role in accelerating the peer-review process for COVID-19 research papers and made them freely available on an open access basis.
- Delivered scientific events remotely throughout the pandemic, providing researchers, scientists and academics with inspiring and engaging content.
- Since the Entrepreneurs in Residence scheme launched in 2017, eighty-one business leaders and senior industry scientists have been successfully placed within academic institutions, strengthening links between cutting edge research and its commercial application.
- Following the Brexit vote in 2016, the Society has consistently made the case for protecting investment in scientific research, aligning regulatory policy and ensuring that scientists can freely collaborate across borders.
- Between 2017 and 2022, the Society distributed £24.2 million through the Newton Fund, developing science and innovation partnerships to promote the economic development and welfare of partner countries.
- Brought senior and early career researchers together in a series of international meetings to develop new networks, form collaborations on global challenges, and provide input to multilateral policy institutions.
- In 2021 we delivered the first virtual Commonwealth Science Conference with over 350 participants from 32 countries.
- Established a multidisciplinary committee to plan the Third International Summit on Human Genome Editing, which will take place in 2023.

In spring 2022 the Royal Society launched its new strategy, which sets out how it will build on these achievements over the next five years and beyond. As well as continuing our work to promote, support and inspire through science, we’ll be looking at how we can maximise our impact and reach a broader, more diverse audience than ever before. We’ll also be introducing new initiatives to help achieve net zero emissions across the Society’s activities, better engage with key stakeholders and improve our offer to Fellows and Foreign Members. Go to pages 21 – 22 for more detail on our ambitious plans for the future.
Measuring the Society’s impact

Sometimes the best ideas come from the most unlikely places.

That is why we believe in funding talented individuals, regardless of background or specialism, giving them freedom to follow the science wherever it leads. This radical exploratory approach, twinned with our ability to spot and invest in potential, is part of what makes the Royal Society’s grants programme unique.

We know that by providing more substantial, longer-term support we can maximise our overall impact, so in recent years we have focused on providing fewer, larger grants. As a result, the average size of a Royal Society grant increased 57% between 2017 and 2022. In 2022 the Royal Society continued to fund researchers working across an impressive array of topics and disciplines, from animate materials to astrophysics.

Capturing the breadth of activity that we support can be a challenge; there is no such thing as a typical Royal Society project.

The Royal Society evaluates the projects it funds and regularly collects case studies to better understand the impact of its work, some examples of which are presented here.

A small but important portion of the research we’ve funded touches on topics relevant to the United Nations Sustainable Development Goals (UNSDGs), a broad framework of activities developed with the aim of securing an equitable and sustainable future for all. These include studies related to eco-efficient biofuels, clean energy production and offshore energy production. In this section we highlight some of the ways in which Royal Society funded researchers are helping develop solutions to some of today’s biggest global challenges.

**Dr Tom Hasell, University Research Fellow at the University of Liverpool**

Tom Hasell is a chemist who is working to reduce the quantities of waste sulfur produced by the petrochemicals industry by developing methods to turn it into useful novel materials. This research could produce new materials that are an alternative to plastics, with potential applications in water purification and battery production, reducing both sulfur waste and plastic use.

**Dr Kaniviva Muindi, FLAIR Fellowship at the African Population and Health Research Centre**

Kaniviva is working with 2,000 households to understand the extent of air pollution levels in Kenya and the potential to reduce them by using alternative fuels. Kaniviva’s introduction of cleaner cooking fuels to these families will improve the health of women and children, who are more frequently exposed to pollution caused by cooking, whilst simultaneously reducing carbon emissions and the need to cut down forests for wood supplies.

**Dr Mohammad Heidarzadeh at Brunel University and Dr Danny Hilman Natawidjaja at the Indonesian Institute of Sciences – Royal Society Challenge-led Grants**

A group of engineers and geophysicists are working together to further our understanding of seismotectonics in East Indonesia.

Better understanding how the area will be affected by tsunamis or earthquakes will enable more effective risk assessment. Mohammad and his team hope to increase building resilience to these disasters through their data safeguarding livelihoods and reducing the risk to life of the local populations.

**Dr Rachel Parkinson, Newton International Fellowship at the University of Oxford**

Rachel is a biologist specialising in insect neuroscience, whose current research focuses on the capacity of bees to taste pesticides and agricultural chemicals which are commonly used in farming. The results of her work will inform land management techniques, increasing crop yield whilst reducing the risk to pollinating insects, who are vital contributors to our global ecosystem.

**Dr Rachel Lowe, Dorothy Hodgkin Fellowship at the London School of Hygiene and Tropical Medicine**

A mathematician who focuses her research on global public health, Rachel is working to develop models which will allow her to understand the relationships between climate change, human activity and mosquito-transmitted diseases. These models will inform future decision-making in various public health scenarios by predicting future disease risk and strengthening local resilience to mitigate the impact of imminent disease epidemics.

**Prof Robert Mokaya, Wolfson Research Merit Award at the University of Nottingham**

Robert is a materials chemist whose research focuses on developing new methods for the synthesis of nanostructured carbons. These materials are designed to store gases, namely CO₂ and H₂. Creating solid-state storage for hydrogen would allow its use as a sustainable fuel within the transport and power industries, reducing global consumption of carbon-based fossil fuels.

**Associate Professor Dyllon Randall, FLAIR Fellowship at the University of Cape Town**

Novel sanitation systems have the potential to reduce water waste whilst enabling the separation and collection of urine for use as valuable products. This is precisely what Dyllon and his research team of civil and chemical engineers hope to achieve by developing methods to extract nutrients from urine for use in fertilisers, supporting development in African countries with scarce access to water and sanitation.
## Income

The Society receives income from a number of sources, including the Government, trusts, foundations, companies, individuals, trading activities and income from investments. Its income enables the Society to deliver a wide range of programmes in support of its strategic aims. Income for the year totalled £124.6 million.

**Income and endowments from donations and legacies (£0.5 million)**

The Society has relied on the generous support of philanthropists throughout its history. This year the Society received funding from trusts, foundations, companies and individuals in addition to the contributions made by Fellows. The Society is grateful to all its donors and their names can be found on the Society’s website.

**Grants for charitable activities (£108.3 million)**

The Society receives the majority of its funding from the UK Government’s Department for Business, Energy & Industrial Strategy (BEIS). In March 2020, the Society’s buildings were closed to Fellows, staff, conferencing clients and other visitors. Following a risk assessment and adhering to all Government advice, the office was opened partially in September 2021, with the first in-person events taking place.

Following a short closure in December 2021 in response to Government advice, the building was then reopened more broadly in January 2022.

**Other trading activities (£0.1 million)**

Royal Society (London) Ltd was established to process other non-charitable trading activities, including income from sponsorship agreements. Royal Society Trading Limited was dormant in year to 31 March 2022.

**Income from investments (£7.2 million)**

The Society holds a significant investment portfolio which was valued at £108.3 million at 31 March 2022. Many of these funds held were bequeathed to the Society as endowments or gifted as a restricted fund for a specific purpose. The investment objective of the Society is to at least maintain the real value of its investment assets while generating a stable and sustainable return to fund charitable activities, thus being even-handed between current and future beneficiaries.

**Other income (less than £0.1 million)**

During the year, the Society also received other income amounting to less than £0.1 million.

## Expenditure

Expenditure for the year totalled £127.7 million. Expenditure is incurred on raising funds and charitable activities.

**Expenditure on raising funds (£3.6 million)**

Expenditure on raising funds includes the direct costs of raising funds, associated support costs, costs of trading and investment management fees.

**Expenditure on charitable activities (£124.1 million)**

The Society’s charitable expenditure is categorised in the statement of financial activities as follows:

- promoting science and its benefits;
- supporting and recognising excellence in science;
- providing scientific advice for policy;
- fostering international and global cooperation; and
- education and public engagement.

Each of the areas above supported the delivery of the three strategic objectives as set out in the 2017 – 2022 strategic plan. The expenditure chart on the right illustrates expenditure by both strategic objective and expenditure category.

The expenditure to further the strategic objective of promoting excellence in science includes the majority of grant awards, the costs of the Society’s publishing operation and the costs associated with lettings at Carlton House Terrace which are in furtherance of charitable objects. Expenditure in this area also includes costs arising from recognition of the excellence and creativity of scientists by election to the Fellowship and Foreign Membership and the awards to scientists to recognise excellence in science and technology.

Expenditure to further the objective of supporting international scientific collaboration mainly constitutes grant awards on international schemes, providing scientific advice for areas of international policy and expenditure on events convening scientists from across the world.

The majority of the Society’s expenditure to demonstrate the importance of science to everyone is in the form of providing scientific advice for policy and education and public engagement work.
The Society’s grant-giving activities

The primary purposes of the Society’s grant-giving activities are to support the work of outstanding individual scientists at various stages of their careers, primarily in the UK, and to encourage collaborations between UK scientists and scientists throughout the world.

Expansion of our grant programme

The Society provides grants and Fellowships for outstanding researchers in the UK and internationally. The value of grant awards made by the Society has significantly increased since 2017/18 with an overall increase of 39% from £73.3 million to £101.6 million in 2021/22. The increase is mainly in grant awards to early career researchers through the Society’s University Research Fellowship and Dorothy Hodgkin Fellowship programmes.

<table>
<thead>
<tr>
<th></th>
<th>£m 2021/22</th>
<th>£m 2020/21</th>
<th>£m 2019/20</th>
<th>£m 2018/19</th>
<th>£m 2017/18</th>
<th>Change over four-year period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early career researchers</td>
<td>72.7</td>
<td>69.4</td>
<td>60.2</td>
<td>51.8</td>
<td>42.6</td>
<td>71% ↑</td>
</tr>
<tr>
<td>Established researchers</td>
<td>11.4</td>
<td>14</td>
<td>12.7</td>
<td>9.8</td>
<td>7.5</td>
<td>52% ↑</td>
</tr>
<tr>
<td>International collaborations and travel</td>
<td>7.3</td>
<td>6.9</td>
<td>8.1</td>
<td>8.7</td>
<td>7.7</td>
<td>-5% ↓</td>
</tr>
<tr>
<td>Capacity strengthening*</td>
<td>5.7</td>
<td>20.1</td>
<td>16.8</td>
<td>10.1</td>
<td>9.9</td>
<td>-42% ↓</td>
</tr>
<tr>
<td>Industry, innovation and translation</td>
<td>2.7</td>
<td>3.1</td>
<td>2.7</td>
<td>2.3</td>
<td>2.4</td>
<td>13% ↑</td>
</tr>
<tr>
<td>Other</td>
<td>18</td>
<td>16.2</td>
<td>20</td>
<td>2.0</td>
<td>3.2</td>
<td>-44% ↓</td>
</tr>
<tr>
<td>Total</td>
<td>101.6</td>
<td>115.1</td>
<td>102.5</td>
<td>84.7</td>
<td>73.3</td>
<td>39% ↑</td>
</tr>
</tbody>
</table>

* The reduction in capacity strengthening grant awards is due to the decrease in grant funding made available by the UK Government for the Society’s Official Development Assistance (ODA) funded programmes.

Grant-making process

Grants made by the Society fall into two broad classes as follows:

1. Research Fellowships, which include early career, senior and industry fellowships as well as professorships; and
2. Research grants, which include collaboration grants, travel grants, capacity-building grants and education-related grants.

Grant applications are assessed by means of a peer-review process and consideration by a panel of experts comprising Fellows of the Royal Society and other senior scientists. Each panel is chaired by a Fellow of the Society.

8. The grant programmes are evaluated on a routine basis (approx. every five years), which helps to inform us whether the programmes are delivering their intended objectives and what steps can be made to improve them.

7. Once an award has been initiated, we monitor the progress of the award holder by requesting an annual progress report (or in the case of short awards, final report) each year.

6. Offer letters are sent to the candidates and host organisations. An offer will only become an award once both the applicant and host organisation have accepted the offer online.

5. All recommendations are then presented to the Grants Committee for approval.

4b. For research support grants, the Chair(s) make recommendations on consideration of the Committees’ assessments.

3b. For research support grants, the Committee assesses the applications, which are then considered by the Chair(s).

3a. For fellowships, longlisted applications are sent for peer review and are then shortlisted by the Grants Committee.

2. Once submitted, applications are checked to ensure they meet the eligibility criteria for that programme.

1. Applicants submit their proposal.

Career progression

Professor Rebecca Kilner FRS, former Dorothy Hodgkin Fellow and University Research Fellow.

As well as being an alumnus of the University Research Fellowship (2001 – 2007), she is the first former Dorothy Hodgkin Fellow (1998) to be elected as a Fellow of the Royal Society in 2021 for her discoveries on the interplay between social behaviour and evolution in animals, primarily in birds and burying beetles. She has shown how the social interactions between individuals within animal families are a balance of cooperation and conflict, and how these different types of behaviour contribute to subsequent evolution. For example, when parents care for their young then siblings are often in competition for food. In contrast, when there is no parental care, siblings evolve greater levels of cooperation with each other and are more likely to work together to obtain food.

I had the freedom to try new things and go in new directions uninterrupted by teaching and administration, and with sufficient time to abandon any enterprises that were not proving fruitful.”

Professor Rebecca Kilner FRS, former Dorothy Hodgkin Fellow and University Research Fellow.
Elect exceptional scientists to the Fellowship

The Royal Society elected 62 new Fellows and Foreign Members, including 20 women and one Honorary Fellow. New Fellows have been elected from institutions across the UK and around the world, including the first two Foreign Members from South Korea. The intake also included one Nobel laureate as well as world-renowned figures from industry.

Their achievements and research were diverse and ranged from the detection of a new type of neuron in the human brain and the design and development of new vaccines for globally important infectious diseases to a new way of looking at Einstein's theory of general relativity and contributing to understanding the link between the increase in sea levels and global warming.

Promoting excellence in science

Priorities:
1. Elect exceptional scientists to the Fellowship.
2. Advise on research landscape.
3. Demonstrate economic impact of science investment.
4. Fund outstanding researchers.
5. Recognise scientific achievements.
6. Encourage and support innovation.
7. Publish scientific research.

Gender diversity of new Fellows and of new grant awards

- 32% of new Fellows and Foreign Members were women (2020/21: 23%)
- 35% of grants were awarded to women (2020/21: 28%)
- 46% of grants were awarded to women in our early career schemes (2020/21: 34%)

Some of the people we fund:

Dr Ajitha Rajan, Industry Fellow at the University of Edinburgh.

Awarded in 2021, Ajitha’s research will investigate the safety of artificial intelligence (AI) used in autonomous vehicles (AV). Her project will focus on assessing the safety of perception AI tasks within AVs that are responsible for detection of vehicles, pedestrians, lanes, traffic light and obstacles.

Dr Steven Hall, Royal Society – Newton International Fellow at the Liverpool School of Tropical Medicine.

Antivenom, the only currently available treatment for snakebite, is an ineffective treatment of snakebite-induced tissue necrosis which causes permanent morbidity in upwards of 400,000 people annually. Steven is developing combination drug therapies (using two or more drugs simultaneously) that can rescue human cells and mice from snake venom-induced necrosis, regardless of the snake species or its locality.

Professor Clare Burrage, University Research Fellow at the University of Nottingham.

Clare investigates dark energy and its potential role in the expansion of the universe. Dark energy has not been seen to date; however, it does not mean that it is impossible to see this force. Her research focuses on developing novel searches for these theories of dark energy.

Funding outstanding researchers

In 2021/22 the Society awarded £101.6 million to fund exceptional researchers and outstanding scientists. This is a decrease in funding of 12% from last year, which was mainly due to a reduction in grant funding made available by the UK Government for the Society’s Official Development Assistance (ODA) funded programmes.

We work with partners overseas to support international collaborations and are involved in industry and innovation schemes. The next generation of research leaders are supported with opportunities including training, mentoring and networking. These schemes are funded by the Government, in partnership with other funding organisations, philanthropic gifts and through the Society’s own funds.

By harnessing the expertise of its Fellowship, the Society’s aim is to ensure that excellence in science is recognised and supported and that scientific work is of the highest quality.

By supporting leading researchers, we aim to ensure that the future of science is as strong as ever and that our understanding of the world is expanded.

The Society supports both early career and senior scientists through a range of schemes which include both discovery-led and applied research.

We work with partners overseas to support international collaborations and are involved in industry and innovation schemes.
Recognise scientific achievements
Fellow Dame Jocelyn Bell Burnell DBE was awarded the Copley Medal 2021 for her work on the discovery of pulsars, one of the major astronomical discoveries of the 20th century.

The Society introduced two new medals this year: the Royal Society Hauksbee Award for outstanding achievements in science by someone whose work is mostly 'behind the scenes' or in support, and the Royal Society Research Culture Award for outstanding contributions to the wider research community.

It was also decided to open awards – where appropriate – to teams or groups of researchers, rather than just individuals to better reflect the collaborative nature of contemporary research.

Encourage and support innovation
Eighty-one business leaders and senior industry scientists have been appointed as Royal Society Entrepreneurs in Residence (EiRs) since the scheme launched in 2017.

The BEIS-funded scheme aims to increase the knowledge and awareness in UK universities of cutting-edge industrial science, support the translation of ideas and build confidence in business and entrepreneurship.

Based on a review undertaken in 2021/22 of the first three cohorts of 50 award holders, EiRs have helped secure £19.5 million of follow-on funding for commercial projects and been directly involved in the launch of 16 companies underpinned by university research. The scheme has also enabled 85 students to obtain industry placements, helping to break down barriers between academic and commercial research and expand the practical application of science.

Publish scientific research
Last year, the Society announced a commitment to switch our four hybrid research journals, Proceedings A, Proceedings B, Interface and Biology Letters to fully open access when their proportion of open access articles reached 75%.

To drive this transition, the Society embarked on an ambitious programme of developing so-called transitional ‘Read & Publish’ agreements with institutional libraries and consortia around the world. In 2021 we made over 170 such agreements and this is set to double in the second year. This makes open access publishing in our hybrid journals easier for researchers who will have their open access charges covered centrally by their institution, rather than having to meet them individually or from their project grants.

As a result, in 2021/22 we reached the significant milestone that over half of all our published articles were open access (53%) – free to access and with liberal re-use rights under the Creative Commons CC-BY licence.

Advisory on research landscape
This year, the Society has continued to advocate for meaningful support for the research landscape which benefits the UK’s economy and society. We have joined with partners from across the UK and EU science sectors to consistently call for association to Horizon Europe through ministerial letters, select committee evidence and media interventions.

We have made written submissions to various reviews of the state of the research ecosystem (Nurse, Tickell, Grant, Innovation, Levelling-Up, People & Culture), published an updated version of our national academies Investing in UK R&D explainer, and released reports on key themes such as Regional Absorptive Capacity: the skills dimension.

We are holding regular regional panel events on the role of R&D in levelling-up through the Society’s Creating Connections series, and we continue to influence immigration policy, including the expansion of the Global Talent visa.

Demonstrate economic impact of science investment
The Society worked with partners across science, academia and industry to press the case for a good settlement for science in the Government’s 2021 Spending Review. In the final weeks of negotiations, science had a high profile in Parliament and the media, resulting in a commitment from the Government to increase public investment in R&D from £14.9 billion in 2021/22 to £20 billion in 2024/25, with a clear pathway to reach £22 billion by 2026/27.

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Left: A selection of Royal Society journals from 2021/22

Above: Dr Ceri Batchelder, Entrepreneur in Residence, in conversation with SELA student engineers.


Above: Image from the Regional Absorptive Capacity: the skills dimension policy report.
Tackling biodiversity loss and climate change

Human activities are changing Earth’s climate and having huge impacts on our ecosystems.

Many of the scientists we fund are researching solutions for reversing biodiversity loss, mitigating the effects of climate change and creating technology to achieve net zero greenhouse gas emissions.

Loeske is an evolutionary ecologist whose current research looks at the effect of climate change on evolutionary processes in wild populations. She studies the genetic and short-term effects of rapid environmental changes, such as climate change or disease, in animal populations. Her analysis will determine the importance of evolutionary genetic adaptation and responses to environmental change and the consequences for the dynamics of natural populations. Loeske’s research will inform the management of natural populations and ecosystems experiencing environmental change.

Corinne is a physicist specialising in understanding the carbon cycle and how it interacts with the Earth’s climate. Her original research is helping to determine how and why the natural carbon reservoirs are changing, particularly in the Southern Ocean. The ocean absorbs, on average, a quarter of the carbon dioxide (CO₂) humans emit into the atmosphere every year, significantly slowing down climate change. Corinne is working to predict how the ocean will absorb carbon in the future and how marine ecosystems will change, because it will have a huge impact on how much and how quickly the planet will warm. She is a member of the Climate Change Committee which advises the UK Government and a member of the Royal Society’s advisory group on climate change.

Jens’ research focuses on understanding how the tropical oceans regulate our climate and to what extent global warming caused by humans has interrupted or modified the natural cycles. He studies corals from the tropical oceans as recorders of environmental and climate change over the past 300 years. This research contributes to his study of the impact of global warming, natural climate variability and human impacts on the oceans.

Clare Grey is a chemist and uses nuclear magnetic resonance spectroscopy (NMR) to study and optimise the functioning of materials for rechargeable batteries, supercapacitors and fuel cells. Her NMR studies have helped to understand and optimise the performance of lithium-ion batteries, which power mobile phones, laptops and electric cars. Her research has substantially contributed to the development of next-generation batteries and cost-effective, durable storage systems for renewable energy, with a recent focus on fast-charging. These will support the UK to achieve net zero emissions by 2050. Clare’s work into new battery technologies is vital to moving away from fossil fuels and reducing the impact of climate change.

A group of UK and African universities worked together to develop a new understanding of the Congo River. Scientific knowledge and data on the hydrology of the river were lacking. The river is huge and critical for biodiversity, rural livelihoods and transportation in the region. The project gave African researchers access to the latest remote sensing data, methods and research models, as well as measuring equipment and training in how to use it; while UK researchers benefited from historical data and local knowledge to study the Congo River system. The research has fed into the development of hydropower and flood management which are both important to the local population and country as a whole.

Pictured above are members of the research team, from left to right: Jules Beya, Dr. Mark Trigg, Pierre Kabuya, Felly Ngandu, Andy Carr and Professor Raphael Tshimanga.
Strategy in action CONTINUED

Proactive engagement in major issues
The science community has overwhelmingly been in favour of the UK seeking formal association with the new Horizon Europe programmes.

On 30 December 2020, the UK and EU signed a Trade and Cooperation Agreement that included a deal for association to Horizon Europe. However, final agreement on association has not been reached. While all parties say that they remain committed to the agreement and recognise the mutual benefits of the deal, the issue remains unresolved. The Society’s view continues to be that failing to secure association would undermine UK, European and global science and that the ongoing uncertainty around the issue has been counterproductive.

In 2021 the UK hosted the G7 leaders’ summit, bringing together the national science academies of the G7 members to propose a series of evidence-based policy recommendations. Key themes of the summit included steps towards net zero emissions, climate resilience, safeguarding biodiversity and improving the use of data in pandemics. Please read the case study on page 17 for more information.

Following the Russian invasion of Ukraine, the Society joined with the national academies of the G7 nations to issue a statement condemning the attack. The Society worked with the Council for At-Risk Academics (Cara), which specialises in supporting scientists at risk to provide practical support. The Government restrictions had a very limited impact on our activities because the Society did not have any active programmes with the Russian Academy or any other Russian institutions. Additionally, there were no funding activities that fell within the scope of the restrictions. The Society has a long-standing opposition to blanket academic boycotts and supports the trusted research initiative.

Address global challenges
The Society continued to work with Cara to promote and campaign for academic freedom. In October, Michael Ignatieff gave a lecture at the Society on Academic Freedom: Right or Privilege? as part of a series of lectures, and in December, a virtual symposium entitled Voices from the Syrian Academic Community: Unique local insights and contributions to research, policy and practice was held in partnership with Cara and the BA. The symposium provided a platform for Syrian academics to showcase and share their research with a wider audience from the academic and humanitarian sectors.

Supporting international collaboration
Priorities:
1. Proactive engagement in major issues.
2. Address global challenges.
3. Partner with leading scientific nations on new technologies.
4. Implement Commonwealth programmes.
5. Convene leading international meetings to advance science.

The Society works to foster international collaboration between researchers, emphasising the role that science plays in forging partnerships between nations.

Partner with leading scientific nations on new technologies
The Third International Summit on Human Genome Editing was due to be held in London in March 2022 but was postponed to March 2023 because of the pandemic.

In its place and in partnership with UK Academy of Medical Sciences, the US National Academies of Sciences and Medicine and The World Academy of Sciences, the Society hosted three small, themed online discussions on priority areas that will inform the summit agenda for 2023. Looking ahead to the third human genome summit took place on 7 – 9 March 2022 and focused on the key topics of the summit’s agenda, including discussion of the recent reports from the International Commission on the Clinical Use of Heritable Human Genome Editing and the WHO Expert Advisory Committee on Developing Global Standards for Governance and Oversight of Human Genome Editing.

The Society also delivered a programme of virtual international meetings across Europe, the Americas and Asia on a wide range of themes such as AI and other technologies.

Implement Commonwealth programmes
A raft of new activity has been undertaken as a result of the 2021 Commonwealth Science Conference (CSC).

In June 2021, in a joint letter to Commonwealth Secretary-General Baroness Scotland, the science academies of the Commonwealth jointly called for action by Commonwealth heads of government to address the interlinked challenges of climate change, biodiversity loss and health.

After the conference, a series of follow-on grants were awarded to participants to enable them to pursue new research connections made at the meeting. The conference has also resulted in the publication in 2022 of two themed issues of Philosophical Transactions, Developing resilient energy systems and Nurturing Resilient Ecosystems.

In March 2022, a regional follow-up meeting with early career researchers from the UK and sub-Saharan Africa was held in Accra, Ghana focusing on energy, biodiversity and equitable access to health.

Convene leading international meetings to advance science
The Society runs a series of internationally renowned scientific meetings that bring together leading experts to discuss the latest research and to develop knowledge of their field.

This year, these meetings have brought together experts from a variety of disciplines to share their knowledge on topics as diverse as the emergence of collective knowledge in animals, humans and machines, microbial ecology for engineering biology and recent advancements in structured illumination microscopy.

Building on lessons learned during the height of the pandemic, these meetings are increasingly taking place virtually or in a hybrid format. Not only does this make them more easily accessible to a geographically dispersed range of participants, it also reduces the environmental impact associated with long-distance travel.

Other topics this year included: Genomic population structures of microbial pathogens; New approaches to 3D vision; H-mode transition and pedestal studies in fusion plasmas; and SIMposium: recent advancements in structured illumination microscopy.

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The science academies of the G7

Last financial year the Society and sister academies in the other G7 countries launched three statements aimed at the G7 leadership.

The statements included policy recommendations on the three inter-related crises of climate change, biodiversity loss and health.

The work continued into the next financial year, highlighting where science can help provide solutions to the severe and urgent crises the world currently faces.

G7 Leaders’ Summit

In June 2021 the UK hosted the G7 Leaders’ Summit. Once again, the Society brought together the national science academies (S7) of the G7 members to set a science agenda for the gathering. The focus was on creating a net zero climate-resilient world, tackling biodiversity loss and improving the use of data in pandemics.

Drawing on expertise from across the globe, the S7 were united in calling for greater cooperation and collaboration between the G7 nations. The S7 academies also urged a greater level of ambition and investment in the technologies and ideas that can deliver a more sustainable and healthier world.

Creating a net zero climate-resilient world, tackling biodiversity loss and improving the use of data in pandemics featured prominently in the discussions and outcomes of the summit.

The clearest success came in relation to the use of data, where the call to establish principles for well-governed access to international health data in emergencies was highlighted in both the Pandemic Preparedness Partnership roadmap that formed the basis for discussions and in the G7 Carbis Bay Health Declaration.

Regarding climate change, there were ambitious targets for net zero and further support to middle- and low-income countries to help them achieve net zero but more is needed. The S7 academies continue to believe that evidence-based transparent technology road maps which set out technologies to deploy, develop and research are needed to demonstrate how countries will meet those targets, and to drive efficient public and private investment.

On biodiversity, the recommendation to develop new approaches to valuing and accounting for biodiversity was not acknowledged. G7 nations should drive new approaches that result in biodiversity being addressed in national and corporate accounting procedures and that ensure that the long-term sustainability of the biosphere becomes embedded as a central consideration of economic growth.

2021 United Nations Climate Change Conference (COP26)

In anticipation of COP26, which was also held in the UK, the Royal Society launched a series of briefings on science and technology areas that are key for accelerating progress towards net zero greenhouse gas emissions and increased resilience to climate change.

This work drew on the expertise of over 120 scientists from more than 20 countries and was backed by a statement from many of the world’s leading science academies. The Climate change: science and solutions briefings aim to rapidly accelerate research, investment and deployment in areas that will become increasingly important from now and for the next 30 years.

The outcomes of COP26 did not match the urgency that is clear from the scientific evidence; however, there was some encouragement with commitments to tackle deforestation and methane, among others. The Society believes that more concrete action and cooperation between countries, industry and scientists to deliver decarbonisation and the net zero agreements is necessary.
Scientific thinking influences how people live their lives, never more so than now. The Society engages with the public in many different settings to hear their experiences and views and to make science part of the wider conversation.

Increase scientific advice for policy-makers
Over the past year, the Society has produced a wide range of reports to influence policy-makers in important areas of science.

In September last year, the Society commissioned the Education Policy Institute (EPI) to look at students’ subject choices at A-level and found the diversity in subjects had decreased significantly over the last ten years. Students’ A-level choices have never been so narrow. The UK needs to offer a broader education so young people have the right skills, education and knowledge for the future and do not get left behind.

The Society published a major report in January entitled The online information environment: Understanding how the internet shapes people’s engagement with scientific information. The report provided a series of recommendations for countering scientific misinformation and was widely reported in the media.

November’s report on the effects of net zero policies and climate change on air quality discussed how the changing climate, and the net zero measures adopted to limit further warming, can affect air quality. The report highlighted that there are, so far, no equivalent air pollution reduction targets to match the Government’s “net zero by 2050” pledge.

The intertwined topics of climate change and net zero continued with the publication of A healthy future – tackling climate change mitigation and human health together. Jointly produced with the Academy of Medical Sciences, the report summarises the evidence of how climate change mitigation actions could promote human health in the near term, through ‘co-benefits’.

In May 2021 the Society issued a report which set out 12 technology and climate research priorities for delivering net zero carbon emissions by 2050. You can read more about the three statements aimed at the G7 leadership on page 17.

The Transforming our future conference series continued this year with leading experts from the wider scientific community, industry, Government, funding bodies and charities coming together to focus on one topic or industry sector. Topics included technologies to improve women’s health, building sustainability, green science and immuno-oncology therapies. Supported by AstraZeneca, the report summarises the evidence of how climate change mitigation actions could promote human health in the near term, through ‘co-benefits’.

Implement a programme of public dialogue and engagement
The Society continued to work with educational video platform BBC Ideas on a series of seven videos focusing on different aspects of science. The seven films have been viewed over 11 million times on the BBC Ideas website and the Society’s YouTube channel, with over 600,000 additional views on social media.

Owing to the pandemic, a second series of ‘People of Science’ was not produced this year, however, another series is planned for 2022/23.

In the lead-up to COP26 and as part of our work on the UK’s 2050 net zero target, we launched our #2050Challenge on social media. Researchers, Fellows, and others from around the world, were challenged to explain a climate or environmental issue in 20 seconds, and then explain how their work would help to address it in 50 seconds. The campaign highlighted the global effort of the science community in working towards 2050, whether delivering net zero carbon emissions, reversing biodiversity loss, or improving human health and sustainability.

Since the campaign was launched in May 2021, the #2050Challenge hashtag has had over 850 posts, 5.1 million total impressions and 11 million web searches. Video views on Twitter have reached over 100,000.

The theme of biodiversity loss made up a significant part of the Society’s engagement work. Sir David Attenborough voiced a short film, Why is biodiversity important? which explores key questions around biodiversity and its importance. The film has been viewed over 135,000 times on YouTube and has had more than 5k views on both Twitter and Instagram.
A Q&A page was created on the Society’s website to look at some of the most asked questions about biodiversity. It drew on the expertise of the Fellows to answer them as accurately and dispassionately as possible. Questions included ‘How do we measure biodiversity?’ and ‘What is the scale of biodiversity loss?’

The Society’s science and the law programme brings together scientists and members of the judiciary to discuss and debate key areas of common interest, ensuring that the best scientific guidance is available to the courts.

In 2021 the Society published a new primer designed to advise members of the judiciary on the fundamentals of forensic ballistics, specifically geared to its use in legal cases.

The Society has now published 6 such primers, each presenting an easily understood, accurate position on a range of scientific topics, considering the limitations of the science and the challenges associated with its application.

**Book prizes**

More than 11,000 young judges from 500 UK schools and youth groups voted for the Royal Society Young People’s Book Prize and selected *I Am a Book. I Am a Portal to the Universe.* by Stefanie Posavec and Miriam Quick.

*Entangled Life: How Fungi Make Our Worlds, Change Our Minds and Shape Our Futures* by biologist and writer Merlin Sheldrake was the 2021 winner of the annual Royal Society Insight Investment Science Book Prize.

His book explores the surreal world of fungi which are organisms with no brain, yet they can solve complex problems and manipulate animal behaviour.

**Inspire through historic collections**


Significant conservation work has been done on several portraits, including the likeness of the life-saving inventor Captain George Manby FRS (1765 – 1854), by Samuel Lane.

Exhibitions on the Royal Society’s platform in Google Arts and Culture were visited by a total of 140,964 people. New displays were *Dame Anne McLaren: the road to IVF*, with two exhibits timed for *Summer Science Exhibition: The Royal Society soirees: highlights from the Summer Science Exhibition*; and *Painting with sunlight: John Ruskin and science* (with *The Ruskin, Lancaster University*).

**Promote the value of STEM education**

The Partnership Grants scheme aims to offer students aged 5 – 18 a first glimpse of scientific research in the classroom. The grant offers up to £3,000 to UK schools or colleges to buy equipment to carry out research projects in partnership with a STEM professional.

The 2021/22 funding round demonstrated a 32% increase in funded applications as schools have re-engaged with STEM enrichment activities post pandemic. In total, 73 schools received funding, 30 of which are part of the Tomorrow’s climate scientists programme, which supports students with climate change and biodiversity research projects. In total 9,964 students will benefit from this funding equating to approximately £199k. You can read more about the Tomorrow’s climate scientists programme on page 20.
Human impact on shorelines

In this project, students at Taynuilt Primary School in Argyll researched the effects of plastic on marine life with their STEM partner, deep sea ecologist Professor Bhavani Narayanaswamy. The school then worked with a local textile company, Crùbag, to produce recycled notebooks featuring the students’ artwork and messages to engage the public with their work. Proceeds from the sale of the notebooks go into the school’s science fund which will be used to run climate change projects next year. Students are also learning enterprise by tracking and recording income. Combining science, numeracy and art has enabled the children to make real life connections between school subjects.

The project has since been extended with students studying lichens as bioindicators of the health of the planet.

Introduced in 2020, students across the UK can take action themselves to address climate and biodiversity issues – to become the climate scientists of tomorrow.

Schools or colleges can apply for grants of up to £3,000 to run investigative STEM projects in partnership with researchers from academia or industry. By working with a STEM partner, students can develop green skills as the UK moves towards a net zero future.

In November 2021 the UN Climate Change Conference (COP26) took place and as part of the Society’s exhibit a ‘Meet the climate scientists of tomorrow’ Q&A was held. Primary and secondary school children from all over the UK took part virtually in live Q&As to talk about how they were taking action to save the planet through science.

How do trees affect our climate and air quality?

Students from Ribblesdale High School in Clitheroe have been studying the effect of trees on the climate and on air quality. The area around the school includes the ancient woodland of the Trough of Bowland as well as newly forested areas. Through the project, pupils are learning skills in Arduino programming that the school do not currently teach. They will learn how sensors attach to microprocessors and how the data is communicated back to their own computers.

They will learn skills in data interpretation and analysis and in data visualisation. During the process of gathering data and making connections, the pupils will learn scientific inquiry as well as important lessons about scientific integrity as they consider how to ‘tell’ children and adults about what they have found. The project is helping to raise the students’ data literacy.

Earthworms

St Gregory’s Catholic Primary School in Preston researched why earthworms are so important to our world with their STEM partner, Dr Kevin Butt from the University of Central Lancashire. The children learnt about the vital role worms play in ecosystems with six of their very own wormeries. Earthworms play a vital role in maintaining healthy soils and are natural recyclers of organic waste. The BBC spent a day filming year 1 students with a feature on BBC Breakfast.

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Introducing the
2022 – 2027 strategy

The Royal Society exists to recognise, promote, and support excellence in science and to encourage the development and use of science for the benefit of humanity. True to our founding principles, our underlying purpose remains unchanged.

However, the environment in which the Royal Society delivers this purpose is in constant flux. Ensuring that we remain relevant, responsive and resilient is crucial to the successful delivery of our mission. Mindful of this shifting context, the new strategy sets out our ambitions for the coming years and identifies the key principles which will shape how we work.

Principles
Recognising that how we work is just as important as what we do, our new strategy also identifies four core principles to guide our ways of working:

- Independence
  The global reach of the Royal Society and its intellectual and financial independence give it unique scope to influence, and to provide leadership in science.

- Partnership and convening
  The Fellowship represents excellence across the research landscape and beyond, providing an invaluable resource in building interdisciplinary and other partnerships to effect change.

- Equality, Diversity and Inclusion
  Throughout the period of this strategy, the Society will take an integrated approach, placing these themes at the centre of all its work, informed by their importance in driving the quality of science and decision-making.

- International and global focus
  Almost all that the Society does has a global dimension (among other activities, its publishing business and its grants programmes). The Society will embed this perspective across the range of its work.

Read more about how we engage with our stakeholders on page 21.
The Royal Society’s new strategy sets out an ambitious programme of external activity for the next five years, founded on four broad areas of work: The Fellowship and Foreign Membership, our UK and Global Influencing agenda, the Research System and Culture – both in the UK and overseas – and the role of science in wider society. Over the course of the next 12 months we are committed to achieving specific outcomes against each of these areas.

### Activities for the coming year:

**Fellowship and Foreign Membership**

- A Fellowship and Foreign Membership that is representative of scientific excellence in all its forms (including in industry, innovation, engineering, technology and medicine);
- A Fellowship and Foreign Membership that is closely engaged in the work and decisions of the Royal Society;
- A Royal Society that understands in depth (and makes best use of) the remarkable resource that the Fellowship, Foreign Membership, and its many grant holders represent;
- A Fellowship and Foreign Membership engaged in strong collaborative networks beyond the Society, with leaders in research, industry, innovation and administration.

**Influencing – UK and global**

- Two Working Groups will report to Council on the processes surrounding elections for Fellowship candidates from industry and related backgrounds, and on the size and shape of the Fellowship;
- On the basis of their recommendations, Council will review the nomination and election process to encourage a more diverse Fellowship and Foreign Membership, with a broad representation of expertise from across disciplines and backgrounds;
- Enhance engagement with the Fellowship, starting a series of Forums with Officers and Council across the UK, exploring Fellows’ attitudes towards and experiences of the Society;
- An ongoing programme of engagement events across the UK, to strengthen relationships with and between Fellows and external stakeholders.

**Research system and culture**

- Deliver a major influencing programme to improve the policy environment for science, influencing governments and other partners to secure a system that recognises and supports scientific excellence for the benefit of humanity;
- Develop a new innovation policy programme designed to enhance outcomes from investment in science;
- Continue to contribute expert scientific evidence to key global issues, involving decision-makers operating at all levels, including multilateral global organisations. Priorities in the short term will include data, climate change, net zero and energy, genome editing, and biodiversity;
- Establish a horizon-scanning function to understand the implications of new technologies for science, innovation, and policy, highlighting opportunities and risks for decision-makers in all fields, including Government, industry and beyond.

**Science and society**

- Host the first in-person Summer Science Exhibition since 2019, one of the highlights of the Royal Society’s long-standing commitment to engage the public with science by providing opportunities to meet researchers and discuss their work;
- Extend the Society’s offer to leading sectors of public life through the continued implementation of the Science and the Law programme, bringing scientists and the senior judiciary together to promote deeper understanding of the role that science plays in wider society;
- Make the case for a reinvigorated approach to science education, supported by robust evidence on effective interventions to promote a scientifically and technically literate workforce;
- Continue the transition towards open access for Royal Society journals;
- Hold a series of events on issues such as research integrity and academic freedom, to mobilise action across the research system;
- Establish a horizon-scanning function to understand the implications of new technologies for science, innovation, and policy, highlighting opportunities and risks for decision-makers in all fields, including Government, industry and beyond.

**Desired outcomes:**

- A Fellowship and Foreign Membership that is representative of scientific excellence in all its forms (including in industry, innovation, engineering, technology and medicine);
- A Fellowship and Foreign Membership that is closely engaged in the work and decisions of the Royal Society;
- A Royal Society that understands in depth (and makes best use of) the remarkable resource that the Fellowship, Foreign Membership, and its many grant holders represent;
- A Fellowship and Foreign Membership engaged in strong collaborative networks beyond the Society, with leaders in research, industry, innovation and administration.

**Desired outcomes:**

- Decision-making by those who frame policy for science is informed by a rich evidence base and sets a strong framework for excellence in research and innovation for the benefit of humanity;
- The case for investment in science and innovation is widely understood in all relevant sectors;
- The Royal Society is an active contributor to debates relating to matters where science has an important perspective to offer, improving decisions at all levels of Government and beyond;
- Royal Society advice on policy relating to global challenges is recognised and effectively used in bilateral and multilateral fora.

**Desired outcomes:**

- A healthy environment for scientific discovery and application in the UK and beyond;
- The Society is recognised internationally as a leader on open science, academic freedom and scientific integrity;
- People from diverse, non-traditional backgrounds are supported and enabled to take up scientific careers, progress to leadership positions and make positive contributions to the wider science and innovation agenda;
- The research system treats people fairly and rewards the full range of socially beneficial scientific activities;
- The UK is able to attract partners and talent from all over the world, thanks to the strength of the UK research system and the career opportunities it offers.

**Desired outcomes:**

- We can only achieve all this if we have the right resources, talent and systems in place, so the Royal Society is also investing in its enabling functions, including HR, Development, Digital and Governance, to deliver.

**Desired outcomes:**

- A new programme of mid-career Fellowships for Royal Society journals;
- A new human resources strategy which reflects the needs of an organisation that has expanded significantly, and ensures that we can continue to attract and retain a diverse pool of talent;
- A new fundraising strategy, enabling the Royal Society to maintain its independence and pursue the ambitious programmes of activity outlined in its new strategy;
- Continued enhancement of the Royal Society’s digital capabilities, enabling us to reach more people through high-quality hybrid events and rich and compelling online content;
- A clear plan for reducing the Royal Society’s environmental footprint across its portfolio of activities.

**Desired outcomes:**

- A new programme of mid-career Fellowships and two new medals to recognise the crucial role that technicians and other research workers play;
- Expand the pipeline of scientific talent through our education programmes.

**Desired outcomes:**

- Debate on important societal and global issues is well informed by relevant science, including the recognition of uncertainties;
- Decision-makers are better informed by science and benefit from stronger public understanding of science, founded on constructive public discourse regarding aspects of science that will impact the lives of current and future generations;
- Citizens of all ages are inspired by scientific possibilities and achievements, enhancing participation in science, and demand for its benefits in shaping our lives and our future.
Fellows of the Society elected in 2021:

Professor Julie Ahringer FMedSci FRS
Director, Wellcome Trust/Cancer Research UK Gurdon Institute, University of Cambridge.

Professor Glen Barber FRS
Professor and Chairman, Department of Cell Biology, University of Miami Miller School of Medicine, United States.

Professor Paul Bates CBE FRS
Professor of Hydrology, School of Geographical Sciences, University of Bristol.

Professor Richard Benton FRS
Professor, Center for Integrative Genomics, University of Lausanne, Switzerland.

Professor William Bond FRS
Emeritus Professor, Department of Biological Sciences, University of Cape Town, South Africa.

Professor Sir Ian Boyd FRS
Professor in Biology, School of Biology, University of St Andrews.

Professor Nigel Brandon OBE FMedSci FRS
Chair, Sustainable Development in Energy and Dean, Faculty of Engineering, Imperial College London.

Dr Peter Campbell FMedSci FRS
Head, Cancer, Ageing, and Somatic Mutations Programme, Wellcome Sanger Institute.

Professor Frank Close OBE FRS
Professor of Theoretical Physics Emeritus and Fellow Emeritus of Exeter College, University of Oxford.

Professor David Craik FRS
Director, ARC Centre of Excellence for Innovations in Peptide and Protein Science, Group Leader, Chemistry and Structural Biology Division and Director, Clive and Vera Ramaciotti Facility for Producing Pharmaceuticals in Plants, Institute for Molecular Bioscience, University of Queensland, Australia.

Professor Donald Dingwell OC FRS
Earth and Environmental Sciences, LMU - University of Munich, Germany.

Dr Connie Eaves FRS
Distinguished Scientist, Terry Fox Laboratory, British Columbia Cancer Research Institute and University Professor, Departments of Medical Genetics, Medicine, Pathology & Laboratory Medicine, and the School of Biomedical Engineering, University of British Columbia, Canada.

Professor Sadaf Farooqi FMedSci FRS
Professor of Metabolism and Medicine, Wellcome-MRC Institute of Metabolic Science, University of Cambridge.

Professor Ten Feizi FMedSci FRS
Director, Glycosciences Laboratory, Department of Metabolism, Digestion and Reproduction, Faculty of Medicine, Imperial College London.

Professor Michael Finnis FRS
Professor, Materials and Department of Physics, Imperial College London.

Professor Julie Forman-Kay FRS
Senior Scientist and Program Head, Molecular Medicine, The Hospital for Sick Children (SickKids) and Professor, Department of Biochemistry, University of Toronto, Canada.

Professor Dame Jane Francis DCMG FRS
Emeritus Professor of Geophysics, School of Earth and Environment, University of Leeds.

Professor Adrian Hill FRS
Lakshmi Mittal and Family Professor of Vaccinology and Director, The Jenner Institute, Nuffield Department of Medicine, University of Oxford.

Professor Richard Horne FRS
Head, Space Weather and Atmosphere, British Antarctic Survey.

Professor Gregory Houseman FRS
Emeritus Professor of Geophysics, School of Earth and Environment, University of Leeds.

Professor Rebecca Kliner FRS
Professor of Evolutionary Biology and Director, University Museum of Zoology, University of Cambridge.

Professor Roger Lemon FRS
Sobell Chair of Neurophysiology, Queen Square Institute of Neurology, University College London.

Professor Hugh Griffiths OBE FREng FRS
Royal Academy of Engineering/Thales Chair of RF Sensors, Department of Electronic and Electrical Engineering, University College London.

Mr Andrew Haldane FRS

Professor Geoffrey Hall FRS
Professor of Physics, Blackett Laboratory, Imperial College London.

Professor Karen Heywood FRS
Professor of Physical Oceanography, Centre for Ocean and Atmospheric Sciences, School of Environmental Sciences, University of East Anglia.

Professor Adrian Hill FRS
Lakshmi Mittal and Family Professor of Vaccinology and Director, The Jenner Institute, Nuffield Department of Medicine, University of Oxford.

Professor Richard Horne FRS
Head, Space Weather and Atmosphere, British Antarctic Survey.

Professor Gregory Houseman FRS
Emeritus Professor of Geophysics, School of Earth and Environment, University of Leeds.

Professor Rebecca Kliner FRS
Professor of Evolutionary Biology and Director, University Museum of Zoology, University of Cambridge.

Professor Roger Lemon FRS
Sobell Chair of Neurophysiology, Queen Square Institute of Neurology, University College London.

Dr Fiona Marshall FMedSci FRS
Senior Vice President Head of Discovery Sciences and Translational Medicine, MSD.

Professor Thomas Muir FRS
Vani Zandt Williams Jr. Class of ’65 Professor of Chemistry, Princeton University, United States.

Professor Frances Platt FMedSci FRS
Professor of Biochemistry and Pharmacology, Department of Pharmacology, University of Oxford.

Professor Jeremy Quastel FRS
Professor, Department of Mathematics, University of Toronto, Canada.

Professor Marilyn Renfree FRS
Melbourne Laureate Professor and Ian Potter Chair of Zoology, School of BioSciences, University of Melbourne.

Professor David Rowitch FMedSci FRS
Adjunct Professor of Pediatrics, University of California, San Francisco, United States.

Professor Richard Samworth FRS
Professor of Statistical Science and Director, Statistical Laboratory, University of Cambridge.

Dr Sjors Scheres FRS
Munich Laureate Professor and Ian Potter Chair of Molecular Biology.

Professor Bernard Schutz FRS
Professor, Department of Physics and Astronomy, and Fellow and founding Director, Data Innovation Research Institute, Cardiff University, and Director (retired), Max Planck Institute for Gravitational Physics (Albert Einstein Institute).

Professor Richard Samworth FRS
Professor of Statistical Science and Director, Statistical Laboratory, University of Cambridge.

Professor Bernard Schutz FRS
Professor, School of Physics and Astronomy, and Fellow and founding Director, Data Innovation Research Institute, Cardiff University, and Director (retired), Max Planck Institute for Gravitational Physics (Albert Einstein Institute).
Professor Abigail Sellen FREng FRS
Deputy Lab Director, Microsoft Research.

Professor David Silver FRS
Principal research scientist, DeepMind and Professor of Computer Science, Department of Computer Science, University College London.

Professor Benjamin Simons FRS
Royal Society EP Abraham Professor, Gurdon Institute and Department of Applied Mathematics and Theoretical Physics, University of Cambridge.

Professor Endre Süli FRS
Professor of Numerical Analysis, Mathematical Institute, University of Oxford.

Professor Richard Sutton FRS
Professor, Department of Computing Science, University of Alberta, Canada and Distinguished Research Scientist, DeepMind.

Professor Louis Taillefer FRS
Professor, Department of Physics and Institut quantique, Université de Sherbrooke, Canada.

Dr Christopher Tate FRS
MRC Investigator, MRC Laboratory of Molecular Biology.

Professor Philip Torr FREng FRS
Professor, Department of Engineering Science, University of Oxford.

Professor Thirumalai Venkatesan FRS
Director, Center for Quantum Research and Technology and Professor of Physics and ECE, University of Oklahoma (from July 2021), and Affiliate Scientist, National Institute of Standards and Technology (NIST) Gaithersburg, United States, and Adjunct Professor, Electrical and Computer Engineering Department, National University of Singapore.

Professor Karen Vogtmann FRS
Professor, Mathematics Institute, University of Warwick and Goldwin Smith Professor Ementus, Cornell University, USA.

Professor Bruce Weir FRS
Professor, Department of Biostatistics, University of Washington, United States.

Sir Simon Wessely FMedSci FRSE
Regius Chair of Psychiatry, Institute of Psychiatry, Psychology & Neurosciences, King’s College London and Past President, Royal College of Psychiatrists and Royal Society of Medicine.

Professor Stanley Whittingham FRS
Distinguished Professor of Chemistry and Materials Science and Engineering, Department of Chemistry, Binghamton University, United States.

Professor Charlotte Williams OBE FRS
Professor of Inorganic Chemistry, Department of Chemistry, University of Oxford.

Professor Karen Vogtmann FRS
Professor, Mathematics Institute, University of Warwick and Goldwin Smith Professor Ementus, Cornell University, USA.

Professor Bruce Weir FRS
Professor, Department of Biostatistics, University of Washington, United States.

Sir Simon Wessely FMedSci FRSE
Regius Chair of Psychiatry, Institute of Psychiatry, Psychology & Neurosciences, King’s College London and Past President, Royal College of Psychiatrists and Royal Society of Medicine.

Professor Stanley Whittingham FRS
Distinguished Professor of Chemistry and Materials Science and Engineering, Department of Chemistry, Binghamton University, United States.

Professor Charlotte Williams OBE FRS
Professor of Inorganic Chemistry, Department of Chemistry, University of Oxford.

Foreign Members elected in 2021

Professor Stephen Benkovic ForMemRS
Evan Pugh University Professor and Eberly Chair in Chemistry, Department of Chemistry, Pennsylvania State University, United States.

Dr Anny Cazenave ForMemRS
Emeritus scientist at LEGOS/CNES, France and Director for Earth Sciences, International Space Science Institute, Switzerland.

Professor Elena Conti ForMemRS
Director and Scientific Member, Max Planck Institute for Biochemistry, Germany.

Professor Stanley Deser ForMemRS
Senior Research Associate, Brandeis University and Institute of Theoretical Physics, Caltech, United States.

Dr Vishva Dixit ForMemRS
Vice President, Early Discovery Research, Genentech Inc, United States.

Professor Michael Jordan ForMemRS
Professor, Department of Electrical Engineering and Computer Sciences and Department of Statistics, University of California, Berkeley, United States.

Professor V. Narry Kim ForMemRS
Professor, School of Biological Sciences, Seoul National University and Director, Center for RNA Research, Institute for Basic Science, South Korea.

Professor Sang Yup Lee ForMemRS
Distinguished Professor, Department of Chemical and Biomolecular Engineering, and Vice President for Research, Korea Advanced Institute of Science and Technology (KAIST), South Korea.

Professor Giacomo Rizzolatti ForMemRS
Ementus Professor, Department of Medicine and Surgery, University of Parma, Italy.

Professor Claire Voisin ForMemRS
Senior researcher, Centre National de La Recherche Scientifique (CNRS), France.

Honorary Fellow elected in 2021

Sir John Kingman KCB FRS
Chair, UK Research and Innovation; Group Chairman, Legal and General plc; Chairman, Tesco Bank; Deputy Chair, The National Gallery; Trustee, Royal Opera House; and a World Fellow, Yale University.
People report continued

People
At the core of the Society are people, from Fellows and staff to generous donors and the scientists who are supported through the Society’s funding programme.

Fellows
Fellows are elected through a peer-review process on the basis of their contribution to science. It is from the eminence of its Fellowship and Foreign Membership and its independence from Government that the Society derives its authority in scientific matters. Fellows and Foreign Members fulfill a range of responsibilities for the Society on a voluntary basis. Many others, scientists and non-scientists, also contribute to the work of the Society on a voluntary basis. The Fellowship is supported by staff based in London.

Scientists
The Society has played a part in some of the most fundamental, significant and life-changing discoveries in scientific history and the Society’s scientists continue to make outstanding contributions to science in many research areas. The Society is currently supporting 986 (2021: 1,083) researchers through its research fellowships. These make outstanding contributions to science in many research fields. The Fellowship is supported by staff based in London.

Staff
The Society aims to offer fair pay to attract and retain appropriately qualified staff to lead, manage, support and deliver the Society’s aims on behalf of its Fellows and Council. As at 31 March 2022, the Society had 205 paid staff. The Society’s staff are organised into programmes, services and trading sections.

An organisation’s values support its vision, shape its culture and reflect expectations of employees and the way they work together. During the year, staff created a set of organisational values to help inform how we should work together and represent the Society.

Our values
In March 2020, the Society’s buildings were closed to Fellows, staff, conferencing clients and other visitors. Following a risk assessment and adhering to all Government advice, the office was opened partially in September 2021, and staff were able to book desk space and offices to work in. Following a short closure in December 2021 in response to new Government advice, the building was then reopened more broadly in January 2022. Staff were consulted on measures in place to reduce the risk of infection, and risk assessments were updated regularly and shared with staff. The return to the office takes a more flexible approach than before the pandemic, retaining some flexibility and benefits of time spent away from the office. Although the building was closed for part of the year, the business of the Society continued with most staff able to continue working remotely.

The well-being of staff has been an important consideration for the Trustees and the Senior Management Team throughout the year. Increased well-being services have been offered to staff, including the training of 15 mental health First Aiders, and availability of telephone, online and face-to-face counselling support through our Employee Assistance Programme. The Society also ran a range of training, webinars and management sessions for staff.

The new strategy for 2022 – 2027 was developed and staff were consulted throughout the process.

Volunteers
A number of our public engagement events and other work would not be possible without the contribution of our volunteers and the Society is grateful to all those who have contributed to its work over the past year. We also recognise the contributions of the many scientists who have supported our work by lending their expertise to panels and discussions. Finally, we are fortunate to have volunteer committee members across several of our committees. Their experience and expertise is invaluable to the operation of the charity.

Equality, diversity and inclusion
As the UK’s national academy of science, engineering, technology and mathematics, the Society has a particular responsibility to ensure that diversity and inclusion are embedded across all of its activities and are part of the culture of the organisation.

The Society’s Diversity Committee regularly monitors statistics on diversity across the Society’s activities and publishes an annual diversity data report. The Society is committed to making diversity and inclusion a priority, both within our own organisation and across the scientific landscape. The Society’s Diversity Strategy for 2019 – 2022 sets out how the Royal Society will use its convening power and leadership, in partnership with others, to increase diversity in STEM and build a more inclusive scientific community. The Diversity Committee, a Standing Committee of Council, keeps under review and makes recommendations to Council on the diversity strategy. The Committee also oversees the delivery of a programme of activities by the Society in line with this strategy.

As an employer, the Society is committed to providing an environment free from discrimination, bullying, harassment or victimisation and to creating a culture of inclusivity where individual differences and the contributions of all staff are recognised and valued. The Society provides equality of opportunity for all and will not tolerate discrimination on grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and parenthood, race, religion or belief, sex or sexual orientation. The Society regularly surveys staff in staff surveys and in exit interviews on matters of diversity and inclusion, specifically any issues they have witnessed or would like to report.

In 2021/22, the Society committed to join the Business in the Community’s Race at Work charter, to increase understanding of conversations regarding race in the workplace, and to ensure our staff and those we interact with are confident in ensuring an open and inclusive workplace.
and the role everyone plays in working towards that. A range of toolkits, seminars, listening circles and training sessions are underway and endorse the Society’s commitment to this issue.

There are new challenges with recruiting staff during the COVID-19 pandemic, particularly where a key part of the recruitment and selection process is the ability for both the candidate and employer to have the opportunity to meet in person. Recruitment processes were initially amended to ensure they still meet the high standards of good recruitment practice; these processes now include a greater use of the digital and online platforms available to us. The Society has now reverted to in-person interviewing while retaining some of the flexibility that remote selection also offers.

The Society has been affected by the heightened issues of recruitment and retention of staff as seen in so many other sectors and widely reported in the media. A review of benefits and salary positioning as well as a broader recruitment strategy has gone some way to easing this, as well as a commitment to internal progression.

**Remuneration policy**

The aim of the Society’s remuneration policy is to maintain sustainable, fair levels of pay at the same time as attracting and retaining the right people to deliver our charitable objectives. In setting appropriate levels of senior management pay, the Society considers the skills, experience and competencies required for each role, and the remuneration level for those roles in sectors where suitable candidates would be found.

Recommendations regarding the remuneration of staff are made by the Society’s Remunerations Committee, chaired by Sir Martin Taylor FRS. The Committee meets annually to consider the remuneration of senior staff, taking their individual responsibilities and an analysis of levels of remuneration in comparable roles elsewhere in the sector into account. The annual inflationary increase provided to all staff is also agreed by the Society’s Remuneration Committee. The Committee includes Fellows and independent advisers.

Benefits accessible to all Royal Society staff include a generous annual leave allowance and pension package, life assurance and access to the cycle to work scheme and childcare vouchers.

The total emoluments of the Society’s Executive Director, Dr Julie Maxton CBE, including taxable benefits in kind, in 2021/22 were £385,444 (2020/21: £381,431). The Executive Director’s contract of employment requires that they reside in the Society’s premises at Carlton House Terrace during the working week for no less than twelve nights in a month, and the use of an apartment in the building is treated as a taxable benefit in kind for this purpose.

The Chair of Remuneration Committee conducts the Executive Director’s annual performance review on behalf of the Committee.

All Trustees are unremunerated.

### Gender pay gap reporting

The Society has voluntarily completed gender pay gap reporting. At the ‘snapshot’ date of 5 April 2021, the mean gender pay gap was -0.02% and the median gender pay gap was 15.33% compared with the national average of 14.9% and 15.4% respectively, as reported on the Gender Pay Gap website as at 20 May 2022.

**Gender gap reporting**

On 5 April 2021, we employed 212 full-pay relevant employees (2020: 208):

<table>
<thead>
<tr>
<th>Quartile</th>
<th>No. of employees</th>
<th>Male (%)</th>
<th>Female (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper</td>
<td>47</td>
<td>49.6%</td>
<td>50.4%</td>
</tr>
<tr>
<td>Upper-mid</td>
<td>53</td>
<td>50.9%</td>
<td>49.1%</td>
</tr>
<tr>
<td>Lower-mid</td>
<td>74</td>
<td>49.3%</td>
<td>50.7%</td>
</tr>
<tr>
<td>Lower</td>
<td>64</td>
<td>48.4%</td>
<td>51.6%</td>
</tr>
</tbody>
</table>

Proportion of men and women in each quartile 2021 (%)

The difference between the mean pay of the men and women in each quartile is shown above each chart (a negative difference indicates that the mean pay of women was higher).

<table>
<thead>
<tr>
<th>Quartile</th>
<th>Mean difference</th>
<th>Median difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper</td>
<td>-1.0%</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Upper-mid</td>
<td>2.4%</td>
<td>15.33%</td>
</tr>
<tr>
<td>Lower-mid</td>
<td>-11.5%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Lower</td>
<td>-1.0%</td>
<td>-11.5%</td>
</tr>
</tbody>
</table>

Note: gender pay gap percentages referenced in quartiles are based on mean calculations. The reported quartiles represent an equal number of employees in each quartile, from the highest paid to the lowest paid. The upper quartile represents the highest paid employees.

**Mean gender pay gap in hourly pay**

<table>
<thead>
<tr>
<th>Quartile</th>
<th>Difference</th>
<th>Mean pay (2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper</td>
<td>-0.02%</td>
<td>£25.82</td>
</tr>
<tr>
<td>Upper-mid</td>
<td>15.33%</td>
<td>£20.29</td>
</tr>
<tr>
<td>Lower-mid</td>
<td>-1.0%</td>
<td>£25.83</td>
</tr>
<tr>
<td>Lower</td>
<td>-11.5%</td>
<td>£23.96</td>
</tr>
</tbody>
</table>

**Median gender pay gap in hourly pay**

<table>
<thead>
<tr>
<th>Quartile</th>
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<th>Median pay (2020)</th>
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</tr>
<tr>
<td>Lower</td>
<td>-11.5%</td>
<td>£23.96</td>
</tr>
</tbody>
</table>
Engaging with stakeholders

The Royal Society has a long history of engaging and inspiring people about the crucial contribution that science makes to our society. Aside from ongoing programmes tailored to young people and the general public, and our work to strengthen relationships with industry, we regularly engage with a series of other specialist stakeholder groups. We recognise how important it is that we understand what matters to them, so as well as informing them about our work and achievements, we also consult our stakeholders on any major changes to the way we work and our strategic direction.

<table>
<thead>
<tr>
<th>Fellows</th>
<th>Research scientists</th>
<th>Government and policy-makers</th>
<th>International partners</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Why they are important to the Royal Society</strong></td>
<td>The Royal Society is a self-governing Fellowship made up of the most eminent scientists, engineers and technologists from the UK and the Commonwealth. Simply put, it would not exist without its Fellows and Foreign Members.</td>
<td>The Royal Society benefits from its strong reputation and a rich history of independent thought, it also recognises that often the best way to increase its impact is to work with partners to leverage its expertise. That is why the Society invests in creating long-term relationships with Government and policy-makers, applying scientific insight to some of the most pressing social and political issues of the day.</td>
<td>Scientific breakthroughs do not happen in isolation. The Royal Society has a long-standing commitment to fostering scientific collaboration across borders, as well as using its convening powers to facilitate knowledge sharing and cross-pollination of ideas.</td>
<td>The breadth and impact of activity that the Royal Society delivers is only possible due to the expertise, commitment and creativity of its staff. Ensuring that the Royal Society continues to be able to attract and develop talented individuals from a diverse range of backgrounds is vital to its continued success.</td>
</tr>
<tr>
<td><strong>What matters to them</strong></td>
<td>Our work depends on having an engaged and committed Fellowship and Foreign Membership. The Royal Society places a huge emphasis on encouraging collaboration and knowledge sharing within the Fellowship and Foreign Membership. It also provides a powerful platform for Fellows and Foreign Members to engage with external stakeholders in related and divergent disciplines, in industry, academia and beyond.</td>
<td>Excellent scientific advice is a crucial element for evidence-based policy-making, and the Royal Society provides access to leading authorities across a range of different disciplines. Its independence from outside influence and the rigour of its approach positions it as a trusted source of impartial advice on policy matters of national and international import.</td>
<td>Many of the biggest challenges faced by the world today cut across national boundaries. It is equally true that international cooperation and collaboration will be required to find workable solutions. While the global pandemic has restricted travel and disrupted many in-person conferences and workshops over the last two years, it has also served to emphasise the important role these forums play in facilitating advances in science.</td>
<td>Working patterns have been significantly disrupted over the last two years as staff have been required to work remotely, or work on a hybrid basis. Supporting and celebrating our staff has never been more important as they continue to deliver outstanding work in such challenging and uncertain times.</td>
</tr>
<tr>
<td><strong>How we responded</strong></td>
<td>Our grants programmes gives outstanding young scientists the freedom to conduct cutting-edge research and to pursue exploratory, curiosity-led innovation. In addition to providing funding, we work with academic institutions, industry, funding bodies and policy-makers to create the conditions in which talented researchers from a range of backgrounds can flourish.</td>
<td>The Royal Society has strong relations with Government and policy-makers, who regularly approach it for expert advice on scientific matters; from coordinating the response to the global pandemic, to making recommendations on the impact of new technologies like facial recognition and AI. In addition, we actively engage with stakeholders to highlight the value of evidence-based decision-making in all forms of public debate and discourse.</td>
<td>In the wake of Brexit and disruptions to global travel, the Royal Society has responded quickly to ensure that information can continue to flow freely between scientists working in different geographies and across different disciplines. Our ongoing involvement in a range of high-profile international partnership schemes ensures that scientific discourse continues to reflect and benefit from a range of different perspectives.</td>
<td>We regularly consult staff via surveys and feedback sessions, helping us to ensure that we are providing people with the support they need to excel in their roles. The Royal Society is committed to investing in its staff by recognising excellence and creating opportunities for career progression as well as providing an extensive well-being offer. In addition to our ongoing staff engagement, retention and reward programmes, a new human resources strategy will be developed as part of the 2022 – 2027 strategy.</td>
</tr>
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</tr>
</tbody>
</table>
Financial review

Overview
In the year to 31 March 2022, the Society’s income decreased from £136.2 million to £124.6 million.

Income before exceptional items decreased by 7%, from £133.9 million to £124.6 million. The majority of the Society’s income came from charitable activities, which decreased by 8% during the year to £116.7 million (2021: £127.1 million). Total income in the prior year included exceptional net income from the property sale of Chicheley Hall of £2.2 million.

Total income before exceptional item

<table>
<thead>
<tr>
<th>Year</th>
<th>Income</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>£133.9m</td>
<td>-7%</td>
</tr>
<tr>
<td>2022</td>
<td>£124.6m</td>
<td>-6%</td>
</tr>
</tbody>
</table>

Total expenditure decreased by 8% on the prior year from £138.4 million to £127.7 million, largely driven by the decrease in grant income. Expenditure on charitable activities decreased from £136.3 million to £124.1 million and has dropped to around 97.2% of total expenditure from around 98.5% in 2021. Income from investments has increased by 47% from the previous year to £7.2 million (2021: £4.9 million).

In March 2020, due to the COVID-19 pandemic, the Society closed its buildings to Fellows, staff, conferencing clients and other visitors. The office was opened partially in September 2021 and, following a short closure in December 2021 in response to new Government advice, reopened more broadly in January 2022. Although the building was closed for part of the year, the business of the Society continued with most staff able to continue working remotely.

In the prior year, there was a significant reduction in some of the Society’s activities and activities recommenced this year, including reopening the building for conferencing clients. As activities restarted, the Society has retained benefits from the use of virtual platforms with some meetings and events taking place in a hybrid format at reduced costs.

Investments performed well in the year resulting in a net gain in investments and overall net income, despite a fall in the last quarter of the year caused by uncertainty in markets.

Income

Income from charitable activities

Most of the year-on-year decrease in income relates to the decrease in grants for charitable activities, which dropped to £108.3 million (2021: £119.0 million). The Society’s core grant from BEIS increased from £48.0 million in 2021 to £50.7 million in 2022. There were decreases in the Investment in Research Talent Fund (RTF) from £39.3 million in 2021 to £38.6 million in 2022 and under the BEIS Global Challenges Research Fund (GCRF) from £18.6 million in 2021 to £7.7 million in 2022. Additional funding of £4.3 million (2021: £0.9 million) was received from BEIS to fund costs extensions to ease the impact of the COVID-19 pandemic on researchers funded by the Society.

In the prior year, the Society was notified that the UK Government’s overseas development aid budget was to be cut, leading to a decrease in the Society’s BEIS ODA funding for the 2021/22 year and therefore a reduction in the Society’s ODA funded programmes, including those funded by the GCRF. The GCRF supports the Future Leaders – African Independent Research (FLAIR) Fellowships, which launched in May 2018; in the year ended 31 March 2022, the number of FLAIR Fellows decreased from 59 in 2021 to 29 in 2022, with the current year being the last year of the scheme.

Trading in furtherance of charitable objectives increased by £0.4 million to £8.4 million (2021: £8.0 million) due to the reopening of the Society’s buildings and the resumption of conferencing activities.

Income from donations and legacies

Income from donations and legacies fell by £1.4 million to £0.5 million (2021: £1.9 million), mainly due to a donation received to support the Society’s COVID-19 response work in the prior year.

Aside from grants activity, expenditure on providing scientific advice for policy increased from £4.0 million in 2021 to £4.5 million in 2022. The Society’s work in this area focused particularly on biodiversity and climate change, the impact of the internet on our information environment and on work to continue to provide advice to the UK Government through the COVID-19 pandemic.

Expenditure on raising funds

Expenditure on charitable activities

The majority of the Society’s charitable expenditure relates to grants awards, this year accounting for £101.6 million (2021: £115.1 million). The decrease in grant expenditure largely relates to the FLAIR Fellowships, which fell by £5.7 million to £3.9 million (2021: £9.6 million); the Royal Society Research Professors, which decreased by £31 million to £12.1 million (2021: £15.2 million) and the Royal Society Challenge Grants, which fell by £2.9 million to £Nil (2021: £2.9 million). This was offset by increases in the University Research Fellowships (URF) programme, which increased by £2.9 million to £35.5 million (2021: £32.6 million); and the International Exchanges, which rose by £1.2 million to £3.7 million (2021: £2.5 million).

Expenditure on education and public engagement decreased slightly from £41.1 million in 2021 to £37.3 million in 2022. The decrease in spend is due to the delay in public engagement events or events replanned to take place digitally or in a hybrid format at a lower cost. Spend in the year includes expenditure on a number of events, including the second online Summer Science Exhibition, a series of online events on You and the Planet and a COVID-19 related public dialogue programme.

Expenditure on charitable activities

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure on raising funds</td>
<td>£3.6 million</td>
<td>£2.1 million</td>
<td></td>
</tr>
<tr>
<td>Expenditure on charitable activities</td>
<td>£124.1 million</td>
<td>£136.3 million</td>
<td></td>
</tr>
</tbody>
</table>
Financial review CONTINUED

Royal Society Trading Limited
In line with Government advice, Chicheley Hall closed on 23 March 2020 and did not reopen. The sale of Chicheley Hall was completed in March 2021. Royal Society Trading Limited was dormant for the year ended 31 March 2022.

Royal Society (London) Ltd
Royal Society (London) Ltd was set up in 2013 to process corporate sponsorships at the Society. The company commenced trading in 2019 and had income of £0.1 million (2021: £0.1 million).

Pension and Life Assurance Plan of the Royal Society
The Society operates a defined benefit pension scheme which was closed to new members in 2014.

The valuation of the scheme at 31 March 2022 showed a deficit of £4.3 million (2021: £2.2 million). This represents the difference between the assets and the liabilities of the fund rather than an immediate cash liability. The decrease in the deficit was mainly driven by changes to actuarial assumptions resulting from changes in market conditions, including a higher discount rate than the previous year, and the payment of deficit funding contributions in the year of £1.3 million.

In accordance with FRS 102, the actuarial gains and losses from the changes in the actuarial assumptions arising from changes in market conditions are recognised immediately in the statement of comprehensive income. The Society remains committed to funding its long-term liabilities so that it can respond to unforeseen risk and opportunities.

Investment policy and performance
On 23 March 2016, Council passed a resolution under Section 104A(2) of the Charities Act 2011 to adopt the use of total return in relation to its permanent endowments with the exception of the Theo Murphy Australia Fund in order to best enable it to be even-handed between current and future beneficiaries.

The Society does not invest in organisations which conflict with the charity’s purpose, or where Council deem that to do so would hamper the charity’s work, for example by alienating those who support the Society financially. Council resolved that the Society should not invest in companies or funds that derive a significant portion of their income from the sale or manufacture of tobacco products.

The Society ensures that performance is managed against appropriate benchmarks. Income from investments for the year was £7.2 million (2021: £4.9 million). The value of the Society’s investment portfolio increased in the year, from £297.3 million in 2021 to £308.3 million in 2022. The increase was due to a strong performance in investment markets, despite a fall in the last quarter due to the ongoing conflict in Ukraine.

Reserves
The total funds of the Society increased by £21.6 million to £356.2 million during the financial year, mainly due to the gain on investments. Free reserves are unrestricted reserves (after the pension deficit) less heritage assets and fixed assets. The Society holds free reserves so that it can respond to unforeseen charitable opportunities and continue to honour existing commitments in the event of a shortfall of income. The Society’s policy is to review its income streams and expenditure commitments on an annual basis, and assess the main financial risks faced by the Society and their associated likelihood in order to develop a risk-based reserves level. The target level was set cognisant of the risks associated with the changes in the publishing landscape and volatility in investment markets which may affect returns.

At the balance sheet date, the value of the Society’s free reserves was £34.3 million (2021: £26.2 million), well above the target level for 2022/23 of £14.9 million. The increase in the level of free reserves is largely due to the decrease in the pension deficit by £7.9 million to a deficit of £4.3 million as at 31 March 2022. The Society continues to develop longer-term strategies to increase its charitable activities in a sustainable way, which will reduce the level of reserves while ensuring that it has adequate resources to enable it to respond to emerging risks and opportunities.

Enterprise Fund (Amadeus RSEF LP)
The Royal Society Enterprise Fund was created with the aim of becoming a financially successful contributor to early-stage science-based companies in the UK and a role model for the translation of excellent science for commercial and social benefit. Due to the dual benefits expected to be received, the fund is accounted for as a mixed motive investment in the financial statements. The Society entered into a Limited Partnership Agreement with Amadeus Capital Partners in 2014 to create the Amadeus RSEF LP.

Statement of policy on fundraising
Section 162a of the Charities Act 2011 requires the Society to make a statement regarding fundraising activities because it is subject to an external audit. We do not use professional fundraisers or ’commercial participants’ or indeed any third parties to solicit donations. We are therefore not subject to any regulatory scheme or relevant codes of practice, nor have we received any complaints in relation to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

Modern Slavery Act
The Society is committed to taking the appropriate measures to reduce the risk of slavery and human trafficking taking place in our organisation or our supply chains. Pursuant to Section 54 of the Modern Slavery Act 2015, the Society has published its slavery and human trafficking statement for the financial year ended 31 March 2022.

Going concern
The Trustees consider that there are no material uncertainties about the Society and Royal Society (London) Ltd to continue as a going concern. This conclusion has been reached after careful consideration of future forecasts which take into account the impact of COVID-19 and changes in external factors, such as the political uncertainty caused by the conflict in Ukraine. The Society manages uncertainties through risk management processes with mitigations in place for key risk areas, and has a robust reserves position and availability of liquid assets in cash at hand and as cash within the investment portfolio.

Royal Society Trading Limited was dormant for the year ended 31 March 2022.

<table>
<thead>
<tr>
<th>2022 £m</th>
<th>2021 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted funds</td>
<td>93.1</td>
</tr>
<tr>
<td>Unrestricted intangible and tangible fixed assets</td>
<td>(5.6)</td>
</tr>
<tr>
<td>Heritage assets</td>
<td>(49.2)</td>
</tr>
<tr>
<td>Free reserves</td>
<td>34.3</td>
</tr>
</tbody>
</table>

Above: A sketch of the Society’s chest, which is also referred to as the Treasurer’s chest.
Principal risks and uncertainties

The Royal Society Council is responsible for ensuring that proper arrangements are in place for risk management. Council relies principally on the Audit Committee, supported by the internal auditors, to assess those arrangements and to advise it accordingly. During the year, Crowe U.K. LLP replaced KPMG LLP as the Society’s internal auditors.

The Audit Committee considers regular reports on risk-management systems and management of major risks. Council considers regular reports from the Audit Committee and reviews management of major risks, including using its own risk register. The risk registers of the Society’s sections are also updated periodically and used in managing and monitoring risks and communicating information about risks across the organisation.

Council and senior staff reflect frequently on uncertainties and risks to achieving the Society’s goals and the effectiveness of the various means it employs to mitigate those risks. They are also vigilant in identifying new risks and taking steps to address them. Actions and processes often contribute to mitigation of several risks simultaneously. The Society works assiduously to develop and maintain relationships to ensure that its activities remain relevant, that its contributions are effective and that the value of its work is recognised. The Society enjoys many beneficial relationships through its Fellows, Foreign Members and staff.

In March 2020, due to the COVID-19 pandemic, the Society’s buildings were closed to Fellows, staff, conferencing clients and other visitors. Following a risk assessment and adhering to Government advice, the office was opened partially in September 2021, and staff were able to book desk space and offices to work in. Following a short closure in December 2021 due to rising cases, the building was then reopened more broadly in January 2022.

Although the building was closed for part of the year, the business of the Society continued with most staff able to continue working remotely. The risk register was regularly reviewed during the period in response to developments in the external landscape, in particular the COVID-19 pandemic and the operational changes required to continue the Society’s work and support the Society’s staff. The findings of these reviews were that the impact did not expose the Society to unduly high levels of risk.

The main risks identified by Council and actions taken to manage them, including ongoing actions, are described in the table.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Key strategic priorities at risk</th>
<th>Management</th>
<th>Status of risk</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UK Young Academy</strong></td>
<td>The UK Young Academy initiative does not maintain its independence and an identity separate from the Royal Society, and this poses a financial, legal and/or reputational risk to the Society.</td>
<td>• Established a committee to oversee the UK Young Academy, with representation from the other six academies.</td>
<td>Proposed status: N</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Appropriate legal advice sought and followed.</td>
<td>Prior year status: n/a</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Dedicated project manager appointed.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Independent systems developed.</td>
<td></td>
</tr>
<tr>
<td><strong>Strategy delivery</strong></td>
<td>The Society’s strategy does not clearly articulate objectives to allow effective prioritisation of work, which means the Society commits to work beyond its resource capacity; therefore, the Society does not deliver against its mission and does not act effectively in its three key roles as a charity, fellowship and national academy of science.</td>
<td>• The Society has a system of committees that report to Council and are responsible for key areas of the Society’s work.</td>
<td>Proposed status: U</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• New five-year strategy in place on 1 April 2022.</td>
<td>Prior year status:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Regular meetings of the Officers and regular communication from the Officers to Council.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Specifically during the current pandemic, the Officers actively consider the latest Government advice and the impact on the Society’s work programme with reallocation and diversion of resources to the areas of the biggest current need:</td>
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<td></td>
<td></td>
<td>• Internal audit of governance arrangements was performed in the prior year and actions for improvements are in progress.</td>
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<tr>
<td><strong>National decision-making</strong></td>
<td>Decisions and actions by the UK Government have a negative impact on the Society’s work and ability to achieve its strategy.</td>
<td>• Regular communication with the Fellowship and other key stakeholders.</td>
<td>Proposed status: T</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Strengthen existing relations with key stakeholders, including partners and funders.</td>
<td>Prior year status: N</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Transparent communication on the Society’s position on key areas.</td>
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</tr>
<tr>
<td><strong>Public benefit recognition</strong></td>
<td>The Society does not ensure the effectiveness of its work, fails to remain relevant and/or address important issues as they arise, including Environmental, Social and Governance considerations, and does not ensure that its public benefit is recognised by stakeholders.</td>
<td>• New five-year strategy in place on 1 April 2022.</td>
<td>Proposed status: U</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• As the national academy of science, the Society has provided science policy advice to Government during the pandemic.</td>
<td>Prior year status:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The Society has run public engagement activities to communicate with the public on key areas in relation to the pandemic.</td>
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<tr>
<td></td>
<td></td>
<td>• New programmes of work are approved by Council, who have oversight over all work at the Society and set the Society’s strategy.</td>
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<td>• Regular meetings of the Officers and regular communication from the Officers to Council.</td>
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<td>• Oversight of the Society’s activities by Fellows with relevant experience.</td>
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<td>• Effective project initiation and project management processes.</td>
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</table>
### Principal risks and uncertainties

<table>
<thead>
<tr>
<th>Risk</th>
<th>Key strategic priorities at risk</th>
<th>Management</th>
<th>Status of risk</th>
</tr>
</thead>
</table>
| **International collaboration** |                                 | • Continue to work with many partners, in the UK, the rest of Europe and globally. | Proposed status: 🔺 | Prior year status: 🔻
|                         |                                 | • Advocate and promote future arrangements for international collaboration and the desire to work globally, and the ability of the UK to continue to attract outstanding scientists from overseas, funding for UK science and regulatory matters. |                |
|                         |                                 | • Continue to seek dialogue with the Government on the most challenging issues. |                |
|                         |                                 | • Promote good research culture and values of science which promote good collaboration. |                |
|                         |                                 | • Provide advice and build relationships. |                |
| **Business continuity**   |                                 | • Engage senior-level management, committees and Council in policy setting and monitoring. | Proposed status: 🔺 | Prior year status: 🔻
|                         |                                 | • Regular review and update of information security policies and procedures. |                |
|                         |                                 | • Regular review and update of business continuity and disaster recovery plans to help minimise disruption to operations from unexpected events. |                |
| **Governance structure** |                                 | • Oversight of election process by Officers and other Council members. | Proposed status: 🔺 | Prior year status: 🔻
|                         |                                 | • Clear role descriptions for Officers and Council members. |                |
|                         |                                 | • Identify potential members with broad Trustee experience. |                |
|                         |                                 | • Include non-Fellows with relevant expertise on Society committees. |                |
|                         |                                 | • Continue to enable willing Fellows to contribute to the Society’s work. |                |
|                         |                                 | • Provide induction and ongoing training and workshops from legal and audit specialists. |                |
|                         |                                 | • Complete regular board effectiveness reviews. |                |
|                         |                                 | • Engage with internal and external audit functions to provide support as appropriate. |                |
|                         |                                 | • Annual self-assessments against the Charity Governance Code. |                |
|                         |                                 | • Internal audit of Governance arrangements was performed in the prior year and actions for improvements are in progress. |                |
| **Employees**            |                                 | • External consultancy firm engaged to review the effectiveness of the structure of the organisation and structure change recommendations implemented. | Proposed status: 🔺 | Prior year status: 🔻
|                         |                                 | • Ongoing benchmarking of compensation and benefits to the rest of the sector. |                |
|                         |                                 | • Employee engagement surveys informing areas of change. |                |
|                         |                                 | • Schedule of internal courses available for employees. |                |
|                         |                                 | • Launch of new staff values. |                |
| **Quality of the science** |                                 | • Grants Committee formed of experts in subject area, making them best placed to select applications of ‘excellent science’. | Proposed status: 🔺 | Prior year status: 🔻
|                         |                                 | • Regular review of performance against strategy. |                |
|                         |                                 | • Policies and procedures in place with disciplined adherence, to govern sign-off and decision-making processes. |                |
|                         |                                 | • Periodic scheme evaluations to ensure offerings remain relevant and competitive. |                |
### Principal risks and uncertainties CONTINUED

<table>
<thead>
<tr>
<th>Risk</th>
<th>Key strategic priorities at risk</th>
<th>Management</th>
<th>Status of risk</th>
</tr>
</thead>
</table>
| **Safeguarding**                          | The Society does not effectively safeguard its people or those with whom it comes into contact. | • Relevant and appropriate policies are in place, and regular review of such policies.  
• Internal safeguarding working group and safeguarding officers appointed.  
• Council member with designated responsibility for safeguarding.  
• Agreed a code of conduct for staff, Fellows and other relevant stakeholders.  
• Specifically during the pandemic, monitor Government advice and opportunities for support, and produce plans for a return to work in the office based on advice and scientific evidence once available.  
• Employees consulted on health and safety arrangements in relation to the return to work in the office.                                                                                                                      | Proposed status:  
Prior year status: |
| **Reduction in funding**                  | Funding reduced or remaining static has a negative impact on the Society’s ability to support excellent science. A reduction of income could be due to a reduction in funding from Government, reduced income generated by publishing activities due to open access journals strategy, failure of trading activities to perform and/or reduced investment returns due to financial crises. | • Strengthen existing relations and develop new relationships, seeking to secure additional funding and diversify sources of funding.  
• Improve arrangements for financial planning.  
• High levels of discretionary expenditure that do not have a long-term commitment attached to them and grant awards include termination clauses in the event of funding withdrawal.  
• A new financial plan will be created to sit alongside the new strategy.                                                                                                                                             | Proposed status:  
Prior year status: |
| **Investment performance**                | The economic climate and inherent uncertainties in performance give rise to the risk that investments are not properly safeguarded or perform poorly, including those in the DB pension scheme. | • Review of investment-management arrangements.  
• Regularly review the investment portfolio and performance of the investment manager.  
• Appropriate legal advice sought and followed.  
• Trained and competent staff in senior positions, and professional pension Trustees appointed.                                                                                                                   | Proposed status:  
Prior year status: |
| **Diversity**                             | Narrow representation due to lack of diversity in the Fellowship, Council, grant applicants and general science arena. | • Active agenda to positively influence and encourage engagement from under-represented groups.  
• Unconscious bias training provided to those in positions to make decisions.  
• Continual consideration and engagement with experts in relevant fields.                                                                                                                                                                      | Proposed status:  
Prior year status: |
| **Influence and support**                 | The Society loses influence and support, and the Fellowship does not support the activities of the Society. | • Regular communication with the Fellowship and other key stakeholders.  
• Implemented a new customer relationship management system to more effectively track and monitor communications and contributions.  
• Fellowship engagement events across the UK to consult with the Fellowship on key issues.  
• To launch an annual survey of Fellows.                                                                                                                                                                                      | Proposed status:  
Prior year status: |
| **Legal and regulatory requirements**      | The Society does not comply with legal and regulatory requirements. | • Appropriate legal advice sought and followed.  
• Trained and competent staff in senior positions.  
• Approved policies and procedures with significant exceptions reported to the Audit Committee.  
• Internal and external audit functions in place.                                                                                                                                                                                | Proposed status:  
Prior year status: |
Governance

Structure and management

The Society is a registered charity and the Royal Society Council is the Trustee body under charity law. The Society was founded in 1660 and incorporated by Royal Charter in 1662, 1663 and 1669. A Supplemental Charter was granted in 2012, and that now serves as the Society’s governing document. The members of its Council are elected by and from the Fellowship.

Under the Charter, the Royal Society Council ‘shall and may have full authority, power, and faculty from time to time to draw up, constitute, ordain, make, and establish such laws, statutes, acts, ordinances, and constitutions as shall seem to them, or to the major part of them, to be good, wholesome, useful, honourable, and necessary, according to their sound discretions, for the better government, regulation, and direction of the Royal Society aforesaid, and of every Member of the same, and to do and perform all things belonging to the government, matters, goods, faculties, rents, lands, tenements, hereditaments, and affairs of the Royal Society aforesaid.’

Council

The Charter specifies that Council must have between 20 and 24 members, each of whom must be a Fellow of the Society. Council determines the strategic direction of the Society and in particular approves the Society’s strategic plan. Council also approves plans for specific charitable programmes on the recommendation of relevant committees, and those committees oversee activities within the programmes on behalf of Council. Council currently has 22 members.

Membership of Council

Among the members of Council are the President, who is the Chair of Council, and four Officers: the Biological Secretary, the Physical Secretary, the Foreign Secretary, and the Treasurer. At the start of the year, there were 18 Ordinary Members of Council. One resigned in February 2022, meaning that there were 17 at the close of this period. The President and the Officers normally serve five-year terms and the Ordinary Members serve three-year terms.

There have been 62 Presidents of the Royal Society since it was founded in 1660. Previous Presidents of the Royal Society have included Christopher Wren, Samuel Pepys, Isaac Newton, Joseph Banks, Humphry Davy and Ernest Rutherford.

Appointment of Officers

1. Nominations are sought from amongst the Fellowship.
2. Nominations Committee recommends a shortlist for interview to Council.
3. A panel consisting of Officers and Council Members, and chaired by the Chair of Nominations Committee, interviews shortlisted candidates and recommends a candidate to Council.
4. Council approves a candidate to recommend to the Fellowship.
5. Candidate’s name is put to the Fellowship for ratification.

Changes in the membership of Council took place as usual on 30 November, which is the Society’s Anniversary Day. New members included Sir Robin Grimes FRS, who became Foreign Secretary on that date. The new members received an induction that included a review of relevant documents and presentations on Trustee duties by a partner in a leading charity law practice. During the year, Council also received guidance from professional advisers on specific matters and updates on relevant developments affecting charities and Trustees. Council delegates responsibility for day-to-day management of the Society’s affairs to the Executive Director.

Public benefit

Fellows are not remunerated for serving as Trustees. Council has complied with its duty to have due regard to the Charity Commission’s public benefit guidance when exercising any powers or duties to which that guidance is relevant. With a view to increasing the diversity of Officers, the Charity Commission approved the application submitted by Council to make grants to Officers’ parent institutions to reimburse some of the costs that arise from the significant time commitment involved in Officers’ roles.

Committees

The Council is supported by a number of committees and working groups to which it has delegated some of its functions. Its Standing Committees include committees that oversee key strands of the Society’s work, committees that make recommendations to Council of recipients of medals and awards and committees that assess applications for and make grant awards. All Standing Committees have terms of reference agreed by Council that set out the delegations of responsibility to that committee and a member of Council sits on most committees. The committee structure diagram on the following page illustrates the Society’s committee structure by type of business and provides additional information on committees relevant to central business on finance and planning.

The Board

The Board is a sub-committee of Council formed of the President and the four Officers of the Society. It meets six times a year, between Council meetings. It plans Council’s work programme throughout the year and reports regularly to it.

Key business in the year

In the year, Council received regular reports from the Executive Director and Board as well as reports from its key Standing Committees.

Council focused on the development of a Strategic Plan for 2022 – 27 throughout the year, with a series of exploratory discussions addressing key areas of focus in depth. It received reports on the whole range of Society activity, and worked on the Society’s submissions to the Government Spending Review. Consideration of the impact on science and science funding of the UK’s decision to leave the EU formed a key topic for Council throughout the year.

Following changing Government guidance, Council oversaw the reopening of the building to staff and events through the year following lockdown.

Council is committed to a continuing review of governance in the Royal Society, adopting the Charity Governance Code as a benchmark for assessing its current practice and making continuous improvements. Significant developments through the year included reforms to the process involved in the election of the Society’s President, following the recommendations of a working group chaired by Lord Neuberger FRS, and the adoption of a Code of Conduct for Fellows and Foreign Members, following the recommendations of a working group chaired by Professor Sheena Radford FRS.

An internal audit report on governance was presented to Council: it found that the Society was compliant with the Charity Governance Code, and had a number of recommendations for improvement, which are now being implemented. For instance, revised Terms of Reference for Council were approved in March 2022 clarifying those matters that may be delegated and those where decisions must be reserved to Council.

Council continues to review the processes surrounding the election of Fellows and Foreign Members with a focus on increasing the diversity of the Fellowship. Equality, diversity and inclusion were also considered in the wider context of the research system.

Council reviewed the Society’s safeguarding policy, considered and agreed the Council risk register, and approved the Society’s budget for the 2022/23 financial year.
Governance CONTINUED

Council
The Trustee body under charity law. Council has a system of committees and determines the memberships of committees, which comprise Fellows and many non-Fellows with relevant expertise. Delegations of authority by Council are explicit in the terms of reference of committees.

Board
A subcommittee of Council comprising the President and the Officers. Board oversees fundraising and considers on behalf of Council matters that require urgent attention and matters, such as international affairs, that span many programmes.

Fellowship committees
The members of Council, Fellows and Foreign Members are elected by the Fellowship. Council determines the candidates for election on the advice of its Nominations Committee and sectional committees. The sectional committees span the scientific disciplines and a committee to advise on general and honorary candidates whose contributions to science are not primarily in research.

Financial, planning and subsidiary committees
Committees make recommendations to Council for approval in a range of areas, including financial planning and budgeting, the effectiveness of the Society’s internal control system, external audit and financial statements, pay-related matters and trading activities.

Programme committees
There are programmes and associated committees in diversity, education, grants, industry and translation, prizes, public engagement, publishing, science policy and scientific meetings, among others. If they are not themselves members of Council, Chairs of these committees are invited to attend specific Council meetings to present reports.

Audit Committee
The Audit Committee approves the internal audit programme; reviews internal audit reports and tracks implementation of any actions arising; approves the external audit plan; discusses the audit and matters arising from it with the external auditors and management; and makes recommendations to Council in relation to the financial statements and associated matters.

Planning and Resources Committee
The Planning and Resources Committee monitors financial performance, oversees the Society’s trading activities and the provision of services and recommends the Society’s financial plan and its annual budgets to Council for approval.

Investment Committee
The Society’s Investment Committee advises Council on investment policy, determines investment strategy and oversees the performance of the Society’s investment managers.

Remuneration Committee
The Remuneration Committee considers pay-related matters, including remuneration of key management personnel.

Charity Governance Code
Council reviews its compliance with the Charity Governance Code annually. Some of the ways in which the Society meets the Code’s standards are listed below

<table>
<thead>
<tr>
<th>Principle</th>
<th>Organisational Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>Council agendas are designed to provide Council with the opportunity to provide high-level insights on the Society’s strategic aims and planning.</td>
</tr>
<tr>
<td>Integrity</td>
<td>Regular briefings are provided to Council from the Society’s legal advisers on its members’ duties of trustees, in general and in specific matters (for instance safeguarding).</td>
</tr>
<tr>
<td>Decision-making, risk and control</td>
<td>Council is routinely provided with opportunities to consider aspects of the Society’s strategy across the range of its work.</td>
</tr>
<tr>
<td>Board effectiveness</td>
<td>Oversight of Council’s work programme by the Board allows for effective planning.</td>
</tr>
<tr>
<td>Equality, diversity and inclusion</td>
<td>There is regular reporting to Council on the Society’s relevant work programmes.</td>
</tr>
<tr>
<td>Openness and accountability</td>
<td>The Society publishes key diversity data regarding its works annually.</td>
</tr>
</tbody>
</table>

The Society will commission an independent Board Effectiveness Review in 2022/23.
Statement of Trustees’ responsibilities

The Council members (who are the Trustees of the Society) are responsible for preparing the Trustees’ annual report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Council to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Council members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group for that period.

In preparing these financial statements, the Council members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 Council members are responsible for keeping adequate accounting records that are sufficient to show and explain the charity’s transactions and 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. 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.

Financial statements are published on the charity’s website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the charity’s website is the responsibility of the Council. The Council’s responsibility also extends to the ongoing integrity of the financial statements contained therein.

The current Council members, having made enquiries of fellow Council members and the charity’s auditors, confirm that:

- so far as they are aware, there is no relevant audit information of which the charity’s auditors are unaware; and
- they have taken all reasonable steps they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charity’s auditors are aware of that information.

This report was approved by Council on 5 July 2022 and signed on their behalf by:

Sir Adrian Smith
President of the Royal Society

Independent auditor’s report to the Trustees of the Royal Society

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group’s and of the Parent Charity’s affairs as at 31 March 2022 and of the Group’s 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.

We have audited the financial statements of The Royal Society (“the Parent Charity”) and its subsidiaries (“the Group”) for the year ended 31 March 2022 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Opinion on other matter as required by BEIS grant letter

In our opinion, in all material respects, the Core and Investment in Research Talent Funding grant payments received from the Department for Business, Energy & Industrial Strategy (“BEIS”) have been applied for the purposes set out in the grant letters and in accordance with the terms and conditions of the grants.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Charity in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charity’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees’ report and financial statements, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to report that fact.

We have nothing to report in this regard.
Independent auditor’s report CONTINUED

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees’ Report for the financial year for which the financial statements are prepared is inconsistent in any material respect with the financial statements; or
- adequate accounting records have not been kept by the Parent Charity; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees
As explained more fully in the Statement of Trustees’ responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the Group’s and the Parent Charity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charity or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements
We have been appointed as auditor under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the relevant Charities Acts and the financial reporting framework in the UK. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. We considered the Group’s and Parent Charity’s own assessment of the risks that irregularities may occur either as a result of fraud or error. We considered financial performance, key drivers for the Group’s and Parent Charity’s own assessment of the risks of non-compliance with other requirements imposed by the Charity Commission and we considered the extent to which non-compliance might have a material effect on the Group financial statements.

In addition, the Group and Parent Charity are subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law, data protection and fundraising regulations. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of Those Charged with Governance and other management and inspection of regulatory and legal correspondence, if any.

Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries of the Audit Committee, management and internal audit, and a review of minutes of meetings of Those Charged with Governance. We made enquiries regarding any matters identified as a Serious Incident as reportable to the Charity Commission. We also performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

We challenged assumptions made by management in their significant accounting estimates, in particular in relation to the assumptions related to the valuation of the defined benefit pension scheme and the assumptions related to the valuation of heritage assets.

We did not identify any matters relating to irregularities, including fraud. As in all of our audits, we also addressed the risk of management override of internal controls, including testing journals including those which potentially impact remuneration and other performance targets and evaluating whether there was evidence of bias by management or Those Charged with Governance that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council’s (“FRC’s”) website at https://www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor’s report.

Use of our report
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.
Consolidated statement of financial activities
(incorporating an income and expenditure account)
For the year ended 31 March 2022

Unrestricted funds £'000 Restricted funds £'000 Expendable endowment funds £'000 Permanent endowment funds £'000 2022 Total funds £'000 2021 Total funds £'000

Income and endowments from donations and legacies 1 295 248 – – 543 1,858

Income from charitable activities
Grants for charitable activities 4 3,004 105,286 – – 108,290 89,091
Trading in furtherance of charitable activities 3 17,899 697 – – 18,596 8,044

Other trading activities 3 137 – – – 137 110

Income from investments 2 984 1,046 1,203 3,957 7,200 4,857

Other income 6 9 – – – 15 23

Total income before exceptional item 12,225 107,196 1,203 3,957 124,581 133,923

Exceptional net income from property sale 15 2,247 – – – 2,247

Total income 12,225 107,196 1,203 3,957 124,581 136,170

Expenditure on raising funds 6 1,220 522 415 1,405 7,200 4,857

Expenditure on charitable activities 7 – – – – –

Promoting science and its benefits 344 108 – – – 452 342
Supporting and recognising excellence in science 8,627 97,000 – – 105,627 114,672
Providing scientific advice for policy 2,395 2,105 – – 4,500 4,044
Fostering international and global cooperation 730 9,048 – – 9,778 13,564
Education and public engagement 2,132 1,603 – – 3,735 4,106

Total expenditure 14,228 109,864 – – 124,092 136,686

Net expenditure/income before net gains/(losses) on investments (3,223) (3,190) 788 2,552 (3,073) (2,252)

Net gains on investments 18 1,936 3,390 2,688 9,705 17,719 62,098

Net expenditure/income for the year (1,287) 200 3,476 12,257 14,646 59,846

Grants transfers between funds 23 2,025 1,655 (1,457) (2,283) –

Actuarial gains/(losses) on defined benefit pension scheme 25 6,971 – – – 6,971 (2,504)

Net movement in funds 7,709 1,855 1,579 10,074 21,617 57,342

Total funds brought forward 85,414 40,485 43,608 161,083 334,590 272,248

Total funds carried forward 93,123 42,340 49,587 171,157 356,207 334,590

Net movement in funds 7,709 1,855 1,579 10,074 21,617 57,342

Total funds carried forward 93,123 42,340 49,587 171,157 356,207 334,590

All of these results are derived from continuing activities. There are no other gains or losses other than those stated above. Royal Society Trading Limited ceased trading on 23 March 2020. The income and expenditure in the Consolidated Statement of Financial Activities for the Group that relate to the discontinued trading subsidiary were £Nil (2021: £Nil) and £Nil (2021: £0.2 million) respectively.

The Consolidated Statement of Financial Activities for the Group as a whole. The Charity’s total income for the year was £124.4 million (2021: £136.1 million). The Charity’s total funds increased by £21.6 million in the year (2021: £57.1 million increase).

The notes that follow form part of the financial statements.

Consolidated and charity balance sheets
As at 31 March 2022

Unrestricted income funds 23 6,971 – – –

Defined benefit pension reserve 23 (4,304) (12,217) (4,304) (12,217)

Defined benefit pension scheme liability 25 (4,304) (12,217) (4,304) (12,217)

Net current liabilities (6,641)

Net assets before pension scheme liability 360,511 346,852 360,550 346,852

Net assets 360,550 346,852 360,550 346,852

Exceptional net income from property sale 2,247

Net assets before exceptional item 360,550 346,852 360,550 346,852

Creditors: amounts falling due within one year 19 3,057 2,564 3,192 2,540

Cash at bank and in hand 11,626 6,790 11,459 6,788

Creditors: amounts falling due within one year 20 (39) (45) (39) (45)

Net assets after pension scheme liability 360,511 346,807 360,511 346,807

Net assets 360,550 346,807 360,550 346,807

Total net assets 356,207 334,590 356,207 334,590

Net assets after exceptional item 2,247

Total net assets 356,207 334,590 356,207 334,590

The financial statements were approved and authorised for issue by Council on 5 July 2022 and signed on its behalf by

Sir Andrew Hopper
Treasurer
Consolidated statement of cash flows
For the year ended 31 March 2022

<table>
<thead>
<tr>
<th>Notes</th>
<th>2022 (€’000)</th>
<th>2021 (€’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash used in operating activities</td>
<td>A</td>
<td>(5,467)</td>
</tr>
</tbody>
</table>

Cash flows from investing activities:

| Investment income | 2 | 7,200 | 4,857 |
| Purchase of intangible assets | 15A | (84) | (207) |
| Purchase of tangible fixed assets | 15B | (763) | (492) |
| Proceeds from disposal of tangible fixed assets | 15B | – | 6,460 |
| Purchase of heritage assets | 17 | (84) | (2) |
| Proceeds from disposal of heritage assets | 17 | – | 14 |
| Purchase of investments | 18 | (59,297) | (52,552) |
| Proceeds from sale of investments | 18 | 103,331 | 50,385 |

Net cash provided by investment activities | 10,303 | 8,463 |

Increase in cash and cash equivalents | 4,836 | 2,031 |

Cash and cash equivalents at 1 April | 6,790 | 4,759 |

Cash and cash equivalents at 31 March | 11,626 | 6,790 |

A. Reconciliation of net (expenditure)/income to net cash flow from operating activities

<table>
<thead>
<tr>
<th>Notes</th>
<th>2022 (€’000)</th>
<th>2021 (€’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income as per the statement of financial activities</td>
<td></td>
<td>14,646</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td>59,846</td>
</tr>
<tr>
<td>Depreciation and amortisation charges</td>
<td>11</td>
<td>1,134</td>
</tr>
<tr>
<td>Gains on investments</td>
<td>18</td>
<td>(7,719)</td>
</tr>
<tr>
<td>Investment income</td>
<td>2</td>
<td>(7,200)</td>
</tr>
<tr>
<td>Losses/(gains) on the disposal of fixed assets</td>
<td>15B</td>
<td>34</td>
</tr>
<tr>
<td>Loss on the disposal of heritage assets</td>
<td>17</td>
<td>–</td>
</tr>
<tr>
<td>Investment management fees charged to portfolio</td>
<td>11</td>
<td>2,685</td>
</tr>
<tr>
<td>(Increase)/decrease in stocks</td>
<td>(16)</td>
<td>19</td>
</tr>
<tr>
<td>(Increase)/decrease in debtors</td>
<td>19</td>
<td>(493)</td>
</tr>
<tr>
<td>Increase in creditors</td>
<td>20</td>
<td>2,404</td>
</tr>
<tr>
<td>Difference between pension charge and cash contributions</td>
<td>25</td>
<td>(942)</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>B</td>
<td>(5,467)</td>
</tr>
</tbody>
</table>

B. Analysis of changes in net debt

<table>
<thead>
<tr>
<th>Balances at 1 April 2021 (€’000)</th>
<th>Cash flows (€’000)</th>
<th>Balances at 31 March 2022 (€’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>6,790</td>
<td>4,836</td>
</tr>
<tr>
<td>Total</td>
<td>6,790</td>
<td>4,836</td>
</tr>
</tbody>
</table>

Accounting policies
For the year ended 31 March 2022

The principal accounting policies adopted in the preparation of these financial statements are as follows.

**Accounting convention**

The financial statements have been prepared in accordance with Financial Reporting Standard 102 — ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (‘FRS 102’) and with the Statement of Recommended Practice: Accounting and Reporting by Charities FRS 102 as revised in 2019 (‘the SORP 2019 2nd Edition’) together with the reporting requirements of the Charities Act 2011.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policy or note.

The accounts have been prepared on a going concern basis. This conclusion has been reached after careful consideration of future forecasts which take into account the impact of COVID-19 and changes in external factors, such as the political uncertainty caused by the conflict in Ukraine. The Society manages uncertainties through risk management processes with mitigations in place for key risk areas, and has a robust reserves position and availability of liquid assets in cash at hand and as cash within the investment portfolio. The Royal Society (‘the Society’) is a Public Benefit Entity as defined by FRS 102. The accounting policies have been applied consistently throughout the financial statements and the prior year.

Royal Society Trading Limited, a trading subsidiary of the Royal Society, was dormant in the year.

**Basis of consolidation**

These financial statements consolidate the results of the Royal Society and its active wholly owned subsidiary, Royal Society (London) Ltd, on a line-by-line basis. In the consolidated financial statements uniform accounting policies have been used. A separate statement of financial activities for the charity itself is not presented.

**Cash flow statement**

The Society meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemption in relation to presentation of a cash flow statement in respect of its separate financial statements, which are presented alongside the consolidated financial statements.

**Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group’s accounting policies the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Judgements, estimates and associated assumptions are reviewed on an ongoing basis and are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are anticipated under the circumstances.

Critical judgements relate to the accounting treatment of the multi-employer defined benefit scheme. Critical accounting estimates and assumptions relate to the defined benefit pension scheme and the valuation of heritage assets.

**Multi-employer defined benefit scheme**

Certain employees participate in a multi-employer defined benefit scheme with other organisations. In the judgement of the Trustees, the Society does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. In accordance with FRS 102, this is therefore accounted for as though it were a defined contribution scheme.

**Defined benefit pension scheme**

The cost of the defined benefit pension scheme and the present value of the scheme liability depend on a number of factors, including assumptions about inflation, discount rates and mortality, which are taken by actuarial specialists. The valuation of the scheme is particularly sensitive to discount rate assumptions, with a 0.1% movement in the discount rate resulting in a £1.2 million change in the value of the scheme liabilities.

**Impairment of heritage assets**

Heritage assets held at valuation or cost totalled £49.2 million at 31 March 2022 (2021: £49.2 million). In 2022, a rolling schedule of valuations per asset class was agreed and printed books were valued this year. There were no indicators of impairment identified in this review.
The last detailed impairment assessment of the collections was last performed in 2015. The valuation assumes that since 2015: (a) the physical condition of the assets has not deteriorated, and (b) there have not been any significant changes in the markets of these assets.

A review of the indicators of impairment is undertaken annually and should this review identify any indicators, then a detailed impairment assessment would be undertaken. No indicators of impairment were identified in this annual review.

Royal Society Trading Limited
Royal Society Trading Limited ceased to trade on the closure of Chicheley Hall on 23 March 2020 following Government advice due to the COVID-19 pandemic and the property was sold in March 2021. Royal Society Trading Limited was dormant for the year ended 31 March 2022.

Income
Income is accrued and recognised when conditions on entitlement are met, receipt can be quantified reliably and is probable.

Donations and legacies
Donated goods and services are included at the value to the Society where these can be quantified. No amounts are included in these financial statements for the services donated by volunteers or Fellows.

Donations are accounted for on a receivable basis where receipt is probable and there is entitlement to the income. Donations include Gift Aid based on amounts receivable at the accounting date.

Legacy income is recognised on a receivable basis when there is sufficient evidence to assess that receipt is probable and receipt can be quantified reliably. Receipt of a legacy, in whole or in part, is only considered probable when the charity has been notified of the executor’s intention to make a contribution.

Fellows’ annual contributions are recognised in the year in which they become due.

Grants for charitable activities
Grants are recognised when all conditions for receipt are met. Where donor-imposed restrictions apply to the timing of the related expenditure as a precondition of its use, the grant is treated as deferred income until those restrictions are met. Grants received for specific purposes are accounted for as restricted funds.

Income from trading activities
Income from conferencing activities is recognised when the event takes place. Income from publishing activities is recognised when the publication or service is provided. Income for the sales of subscriptions, package subscriptions and consortia deals is recognised evenly over the period of subscription or service.

Income from investments
Investment income and interest on deposits is recognised on an accruals basis. Investment income arising on endowment funds is credited to the appropriate fund in accordance with the prescribed conditions.

Expenditure
Expenditure, including irrecoverable VAT, is accounted for on an accruals basis. Expenditure is allocated to the particular activity where the cost relates directly to that activity. Support costs, which cannot be directly attributed to a particular activity, are apportioned based on the costs of staff engaged in direct activities.

Expenditure on raising funds
Costs of raising funds include those costs incurred in raising donations and legacies.

Expenditure on charitable activities
Charitable expenditure includes all expenditure incurred on grants awarded and on other schemes run in pursuance of the Society’s objectives under its Charter, including Fellowship activities and primary purpose trading.

The direct costs of supporting these activities, including staff and other overhead costs, are separately analysed and shown as support costs under this heading.

Grants are recognised as a liability when the Society formally notifies the recipient of the award. Due to the nature of the funding source for the majority of grant awards, the liability is measured as the total of expected payments for the period to the next confirmation of income due. Payments due in future periods are disclosed as grant commitments. Any termination liabilities are recognised when a decision to cease the grant is made. Liabilities for awards where more than one year of expected payments are provided at the outset are discounted to current value using a rate equivalent to the opportunity cost from investments forgone.

Leased assets
Rentals payable under operating leases are charged to the statement of financial activities evenly over the term of the lease.

Tangible fixed assets
Tangible fixed assets are capitalised at cost, including purchase price and any other costs of bringing the asset into working condition for its intended use. The Society only capitalises items costing more than £5,000. Batches of items below this threshold are capitalised if forming part of a larger asset or project and together cost more than £5,000. Depreciation is provided on all assets, excluding freehold land and assets under development, to write off the cost of tangible fixed assets on a straight-line basis over their expected useful lives as follows:

- Freehold property and improvements: 20 – 50 years
- Freehold fixtures and fittings: 3 – 10 years
- Leasehold improvements: 20 – 30 years
- Leasehold fixtures and fittings: 3 – 10 years
- Computers and AV equipment: 3 – 5 years
- Other equipment: 10 – 20 years

On completion, assets under development are transferred to the relevant category and depreciated.

Intangible assets
Intangible assets consist of computer software that is not an integral part of its related hardware. Intangible assets are capitalised at cost, including purchase price of computer software licences and any other costs directly attributable to bringing the licences into use, such as configuration or implementation costs. Software development costs are recognised as an intangible asset when all of the conditions of FRS 102 are met.

The Society only capitalises items costing more than £5,000. Batches of items below this threshold are capitalised if forming part of a larger asset or project and together cost more than £5,000.

Intangible assets are measured at cost less accumulated amortisation and any impairment losses.

Amortisation is charged to write off the cost of the intangible asset on a straight-line basis over the estimated useful life of between 3 – 10 years.

Heritage assets
Heritage assets comprise:

- printed books;
- archives;
- pictures, sculptures and other works of art; and
- other artefacts.

Printed books and archives are included on the balance sheet at deemed cost using a valuation performed in 2003. Pictures, sculptures and other works of art, and other artefacts are included on the balance sheet on a valuation basis. The valuation reflects their fair value and was last performed in 2015. Impairment reviews of these collections are undertaken every 5 – 10 years and when changes in circumstances indicate. A review of indicators of impairment is undertaken annually.

In 2022, a rolling schedule of valuations per asset class was agreed and printed books were valued this year. There were no indicators of impairment identified in this review.

Additions to heritage assets are made by purchase or donation. Purchases are initially recorded at cost and donations are recorded at a fair value where practicable. The Society holds and maintains these assets principally for their contribution to knowledge and culture in line with its charitable aims.

The Trustees do not consider that a reliable estimate of the fair value can be obtained for a large part of the archives collection without incurring costs that would exceed the benefits provided. The Society was founded in 1660 and the collection has been built up throughout its existence and the number of assets held in the collection is extensive and diverse in nature. Reliable and relevant information on the cost of many of the assets is therefore not readily available and there is a lack of comparable market values. As such, these assets are not recognised in the accounts.

Investments
Listed investments are held at fair value. Unlisted investments are held at cost as an approximation to fair value where the fair value is not obtainable. Private equity investments are valued at fair value based on the latest information from the fund managers. Realised gains and losses on investments sold in the year and unrealised gains and losses on revaluation of investments are included in the statement of financial activities.
Accounting policies CONTINUED
For the year ended 31 March 2022

Investment management fees are allocated proportionally against the funds under investment.

The Enterprise Fund is accounted for as a mixed motive investment, owing to the dual benefits expected to be received.

The investments in subsidiary undertakings are held at cost on the Society-only balance sheet.

Total return accounting
The Society adopts the use of total return in relation to its permanent and expendable endowments with the exception of the Theo Murphy Australia Fund. Income from the endowments and investment gains and losses are recognised in the endowment column of the statement of financial activities. Unapplied total return that is allocated to income funds is presented as an allocation between endowment funds and income funds as a transfer on the face of the statement of financial activities.

The amount of any unapplied total return fund is included as part of the relevant endowment together with the value of the endowment assets plus any gains or losses recognised in the year in which it occurs.

Heritage assets are reviewed for indicators of impairment at the end of each reporting period to ensure that the carrying value reflects their carrying amounts.

Foreign currency
Transactions in foreign currencies are recorded at the exchange rate at the date of the transaction. Assets and liabilities in foreign currency are translated into sterling at the exchange rate at the balance sheet date. Resulting gains or losses are included in the statement of financial activities.

Financial instruments
The Society has financial assets and financial liabilities of a kind that qualify as basic. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost.

Fund accounting
Restricted funds can only be used for particular purposes specified or agreed by the donor. Permanent endowment funds are funds where the capital must be retained and invested. Expendable endowment funds are funds that must be invested to produce income. Unrestricted funds may be used for any purpose in the furtherance of the general objectives of the charity.

Pension costs
Defined benefit pension scheme assets are measured at fair value and liabilities on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the Scheme liabilities. The actuarial valuations are obtained triennially and updated under FRS 102 rules at each balance sheet date. Any surplus or deficit is shown in the balance sheet as an asset or liability.

Prior year comparatives
In accordance with FRS 102, prior year comparative figures can be found as follows:
• consolidated statement of financial activities – note 27;
• analysis of net assets between funds – note 28;
• movement on trust and specific funds in year – note 29.

The charge to the statement of financial activities is calculated so as to spread the cost of pensions over employees’ working lives with the Society. The charge comprises the administration costs of running the scheme, the current service cost computed by the actuary under FRS 102 and gains and losses on settlements and curtailments. Past service costs or credits are recognised immediately if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest on the assets and liabilities for the period is shown as a net amount of other finance costs or credits charged or credited to the statement of financial activities. Actuarial gains and losses are recognised immediately under the description ‘Actuarial losses on defined benefits pension scheme’.

Multi-employer schemes are accounted for as defined contribution schemes as it is not possible to identify the Society’s share of the underlying assets and liabilities on a reasonable and consistent basis. Contributions payable relating to funding of the deficit are included as a liability on the balance sheet and charged to the statement of financial activities.

The amounts charged to the statement of financial activities for defined contribution pension schemes represent the employer’s contributions payable in the year. The method for allocation of pension costs between funds is to allocate on a pro rata basis using departmental salary costs as a base.

Termination benefits
Termination benefits are payable when employment is terminated by the Society, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The amounts charged to the statement of financial activities represent the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Taxation
The Society is a charity within the meaning of Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the Society is exempt from income and corporation taxes on income and gains to the extent that they are applied to charitable purposes. The trading subsidiaries do not generally pay UK corporation tax because their policy is to pay taxable profits to the Society as Gift Aid.
1. Income and endowments from donations and legacies

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds £’000</th>
<th>Restricted funds £’000</th>
<th>Expendable endowment funds £’000</th>
<th>Permanent endowment funds £’000</th>
<th>2022 Total funds £’000</th>
<th>2021 Total funds £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gifts and donations</td>
<td>32</td>
<td>248</td>
<td>–</td>
<td>–</td>
<td>280</td>
<td>1,143</td>
</tr>
<tr>
<td>Legacies</td>
<td>38</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>38</td>
<td>486</td>
</tr>
<tr>
<td>Fellows’ contributions</td>
<td>225</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>225</td>
<td>229</td>
</tr>
<tr>
<td>Total</td>
<td>295</td>
<td>248</td>
<td>–</td>
<td>–</td>
<td>543</td>
<td>1,858</td>
</tr>
</tbody>
</table>

2. Income from investments

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds £’000</th>
<th>Restricted funds £’000</th>
<th>Expendable endowment funds £’000</th>
<th>Permanent endowment funds £’000</th>
<th>2022 Total funds £’000</th>
<th>2021 Total funds £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends and interest</td>
<td>993</td>
<td>1,046</td>
<td>1,203</td>
<td>3,957</td>
<td>7,199</td>
<td>4,853</td>
</tr>
<tr>
<td>Bank deposit interest</td>
<td>1</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>994</td>
<td>1,046</td>
<td>1,203</td>
<td>3,957</td>
<td>7,200</td>
<td>4,857</td>
</tr>
</tbody>
</table>

3. Trading

<table>
<thead>
<tr>
<th></th>
<th>External income £’000</th>
<th>Recharged internal lettings £’000</th>
<th>Gross expenditure £’000</th>
<th>2022 Net surplus/deficit £’000</th>
<th>2021 Net surplus/deficit £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading activities through subsidiary companies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Royal Society International Centre (Chicheley Hall)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(185)</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>137</td>
<td>–</td>
<td>(5)</td>
<td>132</td>
<td>106</td>
</tr>
<tr>
<td></td>
<td>137</td>
<td>–</td>
<td>(5)</td>
<td>132</td>
<td>(79)</td>
</tr>
<tr>
<td>Trading in furtherance of charitable activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Publishing</td>
<td>7,230</td>
<td>–</td>
<td>(3,079)</td>
<td>4,151</td>
<td>4,238</td>
</tr>
<tr>
<td>Conferencing activities in furtherance of objectives – Carlton House Terrace</td>
<td>526</td>
<td>213</td>
<td>(896)</td>
<td>(157)</td>
<td>(825)</td>
</tr>
<tr>
<td>Other</td>
<td>640</td>
<td>–</td>
<td>–</td>
<td>640</td>
<td>548</td>
</tr>
<tr>
<td></td>
<td>8,396</td>
<td>213</td>
<td>(3,975)</td>
<td>4,834</td>
<td>3,961</td>
</tr>
<tr>
<td>Total</td>
<td>8,533</td>
<td>213</td>
<td>(3,980)</td>
<td>4,766</td>
<td>3,882</td>
</tr>
</tbody>
</table>

The costs of the Society’s publishing operation and the costs associated with the lettings in furtherance of charitable objects are included in “Supporting and recognising excellence in science” on the face of the statement of financial activities. The costs of trading through subsidiary companies are included in expenditure on raising funds.

The Society was exempt from income tax, corporation tax and capital gains tax on income derived from its primary purpose trading and charitable activities.

4. Grants for charitable activities

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds £’000</th>
<th>Restricted funds £’000</th>
<th>Expendable endowment funds £’000</th>
<th>Permanent endowment funds £’000</th>
<th>2022 Total funds £’000</th>
<th>2021 Total funds £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Government and other public bodies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core grant from Department for Business, Energy and Industrial Strategy (BEIS)</td>
<td>2,992</td>
<td>47,707</td>
<td>–</td>
<td>–</td>
<td>50,699</td>
<td>48,022</td>
</tr>
<tr>
<td>BEIS Investment in Research Talent Fund</td>
<td>–</td>
<td>38,625</td>
<td>–</td>
<td>–</td>
<td>38,625</td>
<td>39,267</td>
</tr>
<tr>
<td>BEIS Newton Fund</td>
<td>–</td>
<td>541</td>
<td>–</td>
<td>–</td>
<td>541</td>
<td>4,364</td>
</tr>
<tr>
<td>BEIS Global Challenges Research Fund</td>
<td>–</td>
<td>7,706</td>
<td>–</td>
<td>–</td>
<td>7,706</td>
<td>18,551</td>
</tr>
<tr>
<td>BEIS COVID Costed Extensions fund</td>
<td>–</td>
<td>4,257</td>
<td>–</td>
<td>–</td>
<td>4,257</td>
<td>944</td>
</tr>
<tr>
<td>Foreign, Commonwealth &amp; Development Office</td>
<td>–</td>
<td>802</td>
<td>–</td>
<td>–</td>
<td>802</td>
<td>1,686</td>
</tr>
<tr>
<td>Other grants from government and public bodies</td>
<td>12</td>
<td>423</td>
<td>–</td>
<td>–</td>
<td>435</td>
<td>419</td>
</tr>
<tr>
<td>Total</td>
<td>3,004</td>
<td>105,286</td>
<td>–</td>
<td>–</td>
<td>108,290</td>
<td>119,031</td>
</tr>
</tbody>
</table>

Other grants from government and public bodies includes income of £12,000 (2021: £189,000) from the Coronavirus Job Retention Scheme.

Details of the income to and movement of individual funds are disclosed in note 23.

5. Property sale – exceptional item

There were no exceptional items in the year. In the prior year, the Society recognised exceptional net income of £2,247,000 from the property sale of Chicheley Hall in Milton Keynes.
Notes to the financial statements CONTINUED
For the year ended 31 March 2022

6. Expenditure on raising funds

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds £'000</th>
<th>Restricted funds £'000</th>
<th>Expendable endowment funds £'000</th>
<th>Permanent endowment funds £'000</th>
<th>2022 Total funds £'000</th>
<th>2021 Total funds £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct costs on raising funds</td>
<td>421</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>421</td>
<td>431</td>
</tr>
<tr>
<td>Support costs on raising funds</td>
<td>451</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>451</td>
<td>449</td>
</tr>
<tr>
<td>Cost of trading</td>
<td>5</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>5</td>
<td>185</td>
</tr>
<tr>
<td>Investment management fees</td>
<td>343</td>
<td>522</td>
<td>415</td>
<td>1,405</td>
<td>2,685</td>
<td>1,030</td>
</tr>
<tr>
<td>Total</td>
<td>1,220</td>
<td>522</td>
<td>415</td>
<td>1,405</td>
<td>3,562</td>
<td>2,095</td>
</tr>
</tbody>
</table>

7. Expenditure on charitable activities

<table>
<thead>
<tr>
<th>Charitable activities</th>
<th>Staff costs £'000</th>
<th>Grant costs £'000 (Note 10)</th>
<th>Other direct costs £'000</th>
<th>Support costs £'000 (Note 8)</th>
<th>2022 Total £'000</th>
<th>2021 Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoting science and its benefits</td>
<td>23</td>
<td>30</td>
<td>93</td>
<td>306</td>
<td>452</td>
<td>342</td>
</tr>
<tr>
<td>Supporting and recognising excellence in science</td>
<td>4,367</td>
<td>93,563</td>
<td>3,138</td>
<td>4,559</td>
<td>105,627</td>
<td>114,672</td>
</tr>
<tr>
<td>Providing scientific advice for policy</td>
<td>1,747</td>
<td>–</td>
<td>386</td>
<td>2,367</td>
<td>4,500</td>
<td>4,044</td>
</tr>
<tr>
<td>Fostering international and global cooperation</td>
<td>643</td>
<td>7755</td>
<td>650</td>
<td>730</td>
<td>9,778</td>
<td>13,164</td>
</tr>
<tr>
<td>Education and public engagement</td>
<td>1,207</td>
<td>298</td>
<td>1,14</td>
<td>1,176</td>
<td>3,735</td>
<td>4,105</td>
</tr>
<tr>
<td>Total for costs of charitable activities</td>
<td>7,987</td>
<td>101,646</td>
<td>5,381</td>
<td>9,078</td>
<td>124,092</td>
<td>136,327</td>
</tr>
</tbody>
</table>

8. Support costs

<table>
<thead>
<tr>
<th>Support costs on raising funds</th>
<th>Media relations and public engagement £'000</th>
<th>Facilities and building management £'000</th>
<th>Support services £'000</th>
<th>Governance £'000</th>
<th>2022 Total £'000</th>
<th>2021 Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support costs on raising funds</td>
<td>42</td>
<td>100</td>
<td>297</td>
<td>12</td>
<td>451</td>
<td>449</td>
</tr>
</tbody>
</table>

Charitable activities

<table>
<thead>
<tr>
<th>Charitable activities</th>
<th>Media relations and public engagement £'000</th>
<th>Facilities and building management £'000</th>
<th>Support services £'000</th>
<th>Governance £'000</th>
<th>2022 Total £'000</th>
<th>2021 Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoting science and its benefits</td>
<td>28</td>
<td>68</td>
<td>202</td>
<td>8</td>
<td>306</td>
<td>239</td>
</tr>
<tr>
<td>Supporting outstanding and recognising excellence in science</td>
<td>419</td>
<td>1,011</td>
<td>3,004</td>
<td>125</td>
<td>4,559</td>
<td>4,146</td>
</tr>
<tr>
<td>Providing scientific advice for policy</td>
<td>217</td>
<td>525</td>
<td>1,560</td>
<td>65</td>
<td>2,367</td>
<td>1,945</td>
</tr>
<tr>
<td>Fostering international and global cooperation</td>
<td>67</td>
<td>162</td>
<td>481</td>
<td>20</td>
<td>730</td>
<td>885</td>
</tr>
<tr>
<td>Education and public engagement</td>
<td>103</td>
<td>248</td>
<td>734</td>
<td>31</td>
<td>1,116</td>
<td>1,570</td>
</tr>
<tr>
<td>Total support costs</td>
<td>876</td>
<td>2,114</td>
<td>6,278</td>
<td>261</td>
<td>9,529</td>
<td>9,226</td>
</tr>
</tbody>
</table>

6. Expenditure on raising funds

9. Staff costs

<table>
<thead>
<tr>
<th>Costs by type</th>
<th>2022 £'000</th>
<th>2021 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>10,525</td>
<td>10,555</td>
</tr>
<tr>
<td>Social Security costs</td>
<td>1,065</td>
<td>1,036</td>
</tr>
<tr>
<td>Pension costs</td>
<td>1,167</td>
<td>1,018</td>
</tr>
<tr>
<td>Total</td>
<td>12,757</td>
<td>12,219</td>
</tr>
</tbody>
</table>

As required by FRS102, included in 2022 staff costs is an amount of £301,000 (2021: £297,000) relating to holiday pay owed to staff at 31 March 2022.

Pension costs include employer contributions to two Royal Society pension schemes, a defined contribution scheme and a defined benefit scheme, and the Universities Superannuation Scheme (USS) pension scheme as follows:

- The Royal Society Group Personal Pension Plan (defined contribution): £641,000 (2021: £633,000);
- The Pension and Life Assurance Plan of the Royal Society (defined benefit): £375,000 (2021: £377,000); and
- USS: £26,000 (2021: £26,000).

The following numbers of employees of the Royal Society earning £60,000 per annum or more received total emoluments within the bands shown:

- £60,001 – £70,000: 11 (2021: 10);
- £70,001 – £80,000: 4 (2021: 6);
- £80,001 – £90,000: 3 (2021: 3);
- £90,001 – £100,000: 3 (2021: 5);
- £100,001 – £110,000: 4 (2021: 1);
- £110,001 – £120,000: 1 (2021: 1); and
- £120,001 – £130,000: 1 (2021: 1).

The 12 key management personnel of the Royal Society (2021: 12) received total remuneration of £1,921,000 including employer’s NIC (2021: £1,832,000).

The average number of employees, analysed by function, was:

- Raising funds: 5 (2021: 6);
- Charitable activities: 149 (2021: 162);
- Support (including governance): 59 (2021: 51);

A restructure took place during the year to re-align staff to the teams that best reflected the roles they were undertaking. As a result, some staff that were included in charitable activities in 2021 are now classified in Support. The average full time equivalent was 207 (2021: 214).

Redundancy and termination payments were made to 4 employees during the year (2021: 2). Total redundancy and termination payments in respect of these employees were £67,000 (2021: £15,000).

As required by FRS102, included in 2022 staff costs is an amount of £301,000 (2021: £297,000) relating to holiday pay owed to staff at 31 March 2022.

Pension costs include employer contributions to two Royal Society pension schemes, a defined contribution scheme and a defined benefit scheme, and the Universities Superannuation Scheme (USS) pension scheme as follows:

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- USS: £26,000 (2021: £26,000).

The following numbers of employees of the Royal Society earning £60,000 per annum or more received total emoluments within the bands shown:

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- £70,001 – £80,000: 4 (2021: 6);
- £80,001 – £90,000: 3 (2021: 3);
- £90,001 – £100,000: 3 (2021: 5);
- £100,001 – £110,000: 4 (2021: 1);
- £110,001 – £120,000: 1 (2021: 1); and
- £120,001 – £130,000: 1 (2021: 1).

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Redundancy and termination payments were made to 4 employees during the year (2021: 2). Total redundancy and termination payments in respect of these employees were £67,000 (2021: £15,000).
## 10. Grants

<table>
<thead>
<tr>
<th>Grants to Institutions £’000</th>
<th>Grants to Individuals £’000</th>
<th>2022 Total £’000</th>
<th>2021 Total £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fellowships</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Research Fellowships</td>
<td>55,519</td>
<td>55,519</td>
<td>52,621</td>
</tr>
<tr>
<td>Royal Society Research Professorships</td>
<td>12,087</td>
<td>12,087</td>
<td>15,240</td>
</tr>
<tr>
<td>Newton International Fellowships</td>
<td>3,502</td>
<td>3,502</td>
<td>4,237</td>
</tr>
<tr>
<td>FLAIR Fellowships</td>
<td>3,865</td>
<td>3,865</td>
<td>9,602</td>
</tr>
<tr>
<td>Sir Henry Dale Fellowships</td>
<td>4,298</td>
<td>4,298</td>
<td>4,214</td>
</tr>
<tr>
<td>RS Visiting Research Professorships</td>
<td>1,318</td>
<td>1,318</td>
<td>1,285</td>
</tr>
<tr>
<td>Newton Advanced Fellowships</td>
<td>(90)</td>
<td>(90)</td>
<td>2,433</td>
</tr>
<tr>
<td>RS Challenge Grants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Recipients of institutional grants</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Glasgow</td>
<td>20</td>
<td>12</td>
<td>304</td>
</tr>
<tr>
<td>University College London (UCL)</td>
<td>9</td>
<td>9</td>
<td>292</td>
</tr>
<tr>
<td>Imperial College London</td>
<td>14</td>
<td>14</td>
<td>276</td>
</tr>
<tr>
<td>University of Cambridge</td>
<td>10</td>
<td>15</td>
<td>217</td>
</tr>
<tr>
<td>University of Birmingham</td>
<td>7</td>
<td>12</td>
<td>177</td>
</tr>
<tr>
<td>The Francis Crick Institute</td>
<td>2</td>
<td>1</td>
<td>172</td>
</tr>
<tr>
<td>University of Bristol</td>
<td>10</td>
<td>9</td>
<td>166</td>
</tr>
<tr>
<td>University of Edinburgh</td>
<td>7</td>
<td>8</td>
<td>163</td>
</tr>
<tr>
<td>University of York</td>
<td>4</td>
<td>5</td>
<td>149</td>
</tr>
<tr>
<td>University of Southampton</td>
<td>6</td>
<td>7</td>
<td>138</td>
</tr>
<tr>
<td>King’s College London</td>
<td>4</td>
<td>4</td>
<td>119</td>
</tr>
<tr>
<td>University of Leicester</td>
<td>3</td>
<td>4</td>
<td>115</td>
</tr>
<tr>
<td>Nottingham Trent University</td>
<td>2</td>
<td>2</td>
<td>96</td>
</tr>
<tr>
<td>University of Leeds</td>
<td>5</td>
<td>8</td>
<td>93</td>
</tr>
<tr>
<td>Liverpool School of Tropical Medicine</td>
<td>3</td>
<td>3</td>
<td>86</td>
</tr>
<tr>
<td>University of East Anglia</td>
<td>1</td>
<td>–</td>
<td>74</td>
</tr>
<tr>
<td>University of Oxford</td>
<td>4</td>
<td>5</td>
<td>70</td>
</tr>
<tr>
<td>Swansea University</td>
<td>2</td>
<td>1</td>
<td>65</td>
</tr>
<tr>
<td>Durham University</td>
<td>5</td>
<td>5</td>
<td>64</td>
</tr>
<tr>
<td>University of Nottingham</td>
<td>4</td>
<td>6</td>
<td>60</td>
</tr>
<tr>
<td>University of Bath</td>
<td>5</td>
<td>5</td>
<td>55</td>
</tr>
<tr>
<td>University of St Andrews</td>
<td>1</td>
<td>2</td>
<td>53</td>
</tr>
<tr>
<td>University of Warwick</td>
<td>4</td>
<td>10</td>
<td>49</td>
</tr>
<tr>
<td>Brunel University London</td>
<td>1</td>
<td>1</td>
<td>48</td>
</tr>
<tr>
<td>University of Portsmouth</td>
<td>1</td>
<td>1</td>
<td>44</td>
</tr>
<tr>
<td>Aberystwyth University</td>
<td>2</td>
<td>1</td>
<td>41</td>
</tr>
<tr>
<td>University of Northumbria</td>
<td>2</td>
<td>1</td>
<td>41</td>
</tr>
<tr>
<td>Diamond Light Source Ltd</td>
<td>1</td>
<td>1</td>
<td>40</td>
</tr>
<tr>
<td>Queen’s University Belfast</td>
<td>1</td>
<td>2</td>
<td>37</td>
</tr>
<tr>
<td>University of Sheffield</td>
<td>1</td>
<td>2</td>
<td>28</td>
</tr>
<tr>
<td>Queen Mary University of London</td>
<td>1</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>University of Exeter</td>
<td>1</td>
<td>3</td>
<td>19</td>
</tr>
<tr>
<td>University of Dundee</td>
<td>2</td>
<td>3</td>
<td>18</td>
</tr>
<tr>
<td>Cardiff University</td>
<td>3</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>Newcastle University</td>
<td>1</td>
<td>1</td>
<td>15</td>
</tr>
<tr>
<td>University of Sussex</td>
<td>2</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Other organisations</td>
<td>81</td>
<td>62</td>
<td>247</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,750</strong></td>
<td><strong>97,896</strong></td>
<td><strong>101,646</strong></td>
</tr>
</tbody>
</table>

Grants to individuals are made to particular individuals, although the actual award is made to the host organisation.

Details of individual grants awarded during the year analysed by organisation are available from the finance department on request.
11. Reconciliation of grants payable

<table>
<thead>
<tr>
<th></th>
<th>2022 Total £'000</th>
<th>2021 Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liability at 1 April</td>
<td>5,725</td>
<td>4,785</td>
</tr>
<tr>
<td>New grants awarded in year</td>
<td>104,443</td>
<td>116,751</td>
</tr>
<tr>
<td>Grants paid in year</td>
<td>(99,357)</td>
<td>(114,242)</td>
</tr>
<tr>
<td>Grants refunded to the Society</td>
<td>(2,797)</td>
<td>(1,569)</td>
</tr>
<tr>
<td>Liability at 31 March</td>
<td>8,014</td>
<td>5,725</td>
</tr>
</tbody>
</table>

All grants payable fall due within one year.

12. Payments to Trustees and Related Party Transactions

<table>
<thead>
<tr>
<th></th>
<th>2022 Total £'000</th>
<th>2021 Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses: Travel and subsistence</td>
<td>22</td>
<td>2</td>
</tr>
</tbody>
</table>

No Trustees received remuneration from the Society in the year (2021: nil). Expenses were reimbursed to or paid on behalf of 15 Trustees (2021: 5 Trustees).

Indemnity insurance
With the consent of the Charity Commission, the Society has taken out Trustees’ indemnity insurance. The cost of this insurance for the year was £14,000 (2021: £10,000). No claims have been made under this policy.

Grants and awards
Sir Peter Bruce FRS is a co-applicant on a Newton Advanced Fellowship grant. The total value of the award is £111,000. This was awarded and taken up in the 2018/19 financial year. No payment was made in 2021/22.

Professor Nora de Leeuw, spouse of Sir Richard Catlow FRS, held a grant as part of the ACBI programme funded by DFID (now FCDO) and administered by the Royal Society grants team. The total value of the award is £1,295,800 and it has been paid.

Professor Sheena Radford FRS is an award holder of Royal Society Research Professorships grant. The total value of the award is £1,165,000. This was awarded and taken up in 2021. A £253,000 payment was made in 2021/22 to University of Leeds.

Professor Jennifer Thomas FRS is an award holder of Royal Society Research Professorships grant. The total value of the award is £1,229,000. This was awarded and taken up in 2020. A £193,000 payment was made in 2021/22 to University College London.

Sir David Baulcombe FRS is an award holder of Royal Society Research Professorships grant. The total value of the award is £808,000. This was awarded and taken up in 2017. A £197,000 payment was made in 2021/22 to University of Cambridge. He is also a collaborator on a University Research Fellowship grant. The total value of the award is £808,000. This was awarded and taken up in 2020/21. No payment was made in 2021/22.

Other
Sir Adrian Smith, President of the Royal Society, has use of the President’s flat at Carlton House Terrace.

With a view to increasing the diversity of Officers, the Charity Commission approved the application submitted by Council to make grants to Officers’ parent institutions to reimburse some of the costs that arise from the significant time commitment involved in Officers’ roles. The grants paid this year was £165,000 (2021: £50,000).

Related Party Transactions
The Royal Society had two wholly-owned trading subsidiaries during the year, Royal Society Trading Limited (registered number 06967016) and Royal Society (London) Ltd (registered number 08808518). The Royal Society Trading Limited ceased trading on 23 March 2020 and was dormant in the year ended 31 March 2022.

Details of transactions with these subsidiaries are set out in note 26.

13. Total expenditure include the following amounts:

<table>
<thead>
<tr>
<th></th>
<th>2022 Total £’000</th>
<th>2021 Total £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lease rentals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>55</td>
<td>71</td>
</tr>
<tr>
<td>Rent</td>
<td>490</td>
<td>490</td>
</tr>
<tr>
<td>Fees payable to the Charity’s auditors for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The audit of the Charity and Group accounts</td>
<td>50</td>
<td>46</td>
</tr>
<tr>
<td>The audit of the Charity’s subsidiaries accounts pursuant to legislation</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Tax returns of the Charity and trading subsidiaries</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Total auditor’s remuneration</td>
<td>59</td>
<td>57</td>
</tr>
<tr>
<td>Charges on remuneration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>1,134</td>
<td>1,172</td>
</tr>
</tbody>
</table>

GOVERNANCE
OTHER INFORMATION
FINANCIAL STATEMENTS
CONTINUED
14. Financial memoranda
Income and expenditure relating to government grants during the year was as follows:

<table>
<thead>
<tr>
<th>Department for Business, Energy and Industrial Strategy – core grant</th>
<th>2022</th>
<th>£’000</th>
<th>2021</th>
<th>£’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>50,699</td>
<td>48,022</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure</td>
<td>(50,699)</td>
<td>(48,022)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department for Business, Energy and Industrial Strategy – Investment in Research Talent Fund</td>
<td>38,625</td>
<td>39,267</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>(38,625)</td>
<td>(39,267)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure</td>
<td>–</td>
<td>–</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BEIS Global Challenges Research Fund</td>
<td>7,706</td>
<td>18,551</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>(7,706)</td>
<td>(18,551)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure</td>
<td>–</td>
<td>–</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BEIS Newton Fund</td>
<td>541</td>
<td>4,364</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>(541)</td>
<td>(4,364)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure</td>
<td>–</td>
<td>–</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BEIS COVID Costed Extensions fund</td>
<td>4,257</td>
<td>941</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>(4,257)</td>
<td>(941)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure</td>
<td>–</td>
<td>–</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign, Commonwealth &amp; Development Office (formerly DFID) grant</td>
<td>802</td>
<td>1,686</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>(802)</td>
<td>(1,686)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure</td>
<td>–</td>
<td>–</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

15. Intangible and tangible fixed assets
15a Intangible assets
Group and Charity

<table>
<thead>
<tr>
<th>Software</th>
<th>2022 £’000</th>
<th>2021 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>250</td>
<td>–</td>
</tr>
<tr>
<td>At 1 April</td>
<td>84</td>
<td>207</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
<td>43</td>
</tr>
<tr>
<td>Transfers</td>
<td>334</td>
<td>250</td>
</tr>
<tr>
<td>At 31 March</td>
<td>78</td>
<td>22</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>256</td>
<td>228</td>
</tr>
<tr>
<td>At 1 April</td>
<td>56</td>
<td>22</td>
</tr>
<tr>
<td>Charge for year</td>
<td>78</td>
<td>22</td>
</tr>
<tr>
<td>At 31 March</td>
<td>256</td>
<td>228</td>
</tr>
<tr>
<td>Net book value at 31 March 2022</td>
<td>256</td>
<td>228</td>
</tr>
<tr>
<td>Net book value at 31 March 2021</td>
<td>228</td>
<td></td>
</tr>
</tbody>
</table>

A Customer Relationship Management (CRM) system was completed and went live in the prior year. The asset costs were reviewed and it met the criteria of an intangible asset. The CRM system continues to be developed and improved, with costs incurred during this process being capitalised.

Amortisation of intangible fixed assets is included within the Expenditure on charitable activities in note 7.

There were no contractual commitments for acquisitions of intangible assets as at 31 March 2022 (2021: £nil).
15. Intangible and tangible fixed assets CONTINUED

15b Tangible fixed assets

<table>
<thead>
<tr>
<th></th>
<th>Leasehold improvements £'000</th>
<th>Computers and other equipment £'000</th>
<th>Assets under development £'000</th>
<th>2022 £'000</th>
<th>2021 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 April</td>
<td>21,890</td>
<td>4,270</td>
<td>49</td>
<td>26,209</td>
<td>44,746</td>
</tr>
<tr>
<td>Additions</td>
<td>220</td>
<td>68</td>
<td>475</td>
<td>763</td>
<td>492</td>
</tr>
<tr>
<td>Disposals</td>
<td>(260)</td>
<td>(615)</td>
<td>–</td>
<td>(875)</td>
<td>(18,986)</td>
</tr>
<tr>
<td>Transfers</td>
<td>–</td>
<td>22</td>
<td>(22)</td>
<td>–</td>
<td>(43)</td>
</tr>
<tr>
<td><strong>At 31 March</strong></td>
<td>21,850</td>
<td>3,745</td>
<td>502</td>
<td>26,097</td>
<td>26,209</td>
</tr>
</tbody>
</table>

**Depreciation**

<table>
<thead>
<tr>
<th></th>
<th>2022 £'000</th>
<th>2021 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 April</td>
<td>13,650</td>
<td>2,832</td>
</tr>
<tr>
<td>Charge for year</td>
<td>706</td>
<td>372</td>
</tr>
<tr>
<td>Disposals</td>
<td>(227)</td>
<td>(614)</td>
</tr>
<tr>
<td>Transfer</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>At 31 March</strong></td>
<td>14,129</td>
<td>2,590</td>
</tr>
</tbody>
</table>

**Net book value at 31 March 2022**

<table>
<thead>
<tr>
<th></th>
<th>2022 £'000</th>
<th>2021 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,721</td>
<td>1,155</td>
</tr>
<tr>
<td></td>
<td>502</td>
<td>26,097</td>
</tr>
<tr>
<td><strong>Net book value at 31 March 2021</strong></td>
<td>8,240</td>
<td>1,138</td>
</tr>
</tbody>
</table>

All tangible fixed assets are used for the support of charitable activities within the Society.

Depreciation of tangible fixed assets is included within the expenditure on charitable activities in note 7.

16. Capital commitments

<table>
<thead>
<tr>
<th></th>
<th>2022 £'000</th>
<th>2021 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorised and contracted for</td>
<td>130</td>
<td>225</td>
</tr>
<tr>
<td>Authorised but not contracted for</td>
<td>3,008</td>
<td>1,660</td>
</tr>
<tr>
<td><strong>Total Commitment</strong></td>
<td>3,138</td>
<td>1,885</td>
</tr>
</tbody>
</table>

At the balance sheet date, £1,575,000 (2021: £811,000) of capital commitments was authorised for refurbishment of 6 – 9 Carlton House Terrace. A further spend of £559,000 (2021: £646,000) had been authorised on IT projects. Other general capital items total £1,004,000 (2021: £428,000). Of these commitments £130,000 (2021: £225,000) has been contracted for by the year end.

17. Heritage assets

**Group and Charity**

The Society holds an extensive collection of heritage assets relating to the history of the Society itself and the wider history of scientific endeavour. The collection has four main components:

**Printed works:** The Library contains over 70,000 titles, published from the 1470s to the present day. The main strength of the collection is in the 17th and 18th centuries, from the 1680s to the mid-19th century, the policy of the Library was to acquire every important scientific publication.

**Archives:** These comprise an extraordinary and unrivalled record of the development of science that spans nearly 350 years. The archive collection is a unique resource for historians, particularly historians of science, containing over 250,000 items. It includes the manuscript of Isaac Newton's *Principia Mathematica*.

**Pictures, sculptures, and other works of art:** The collection includes over 200 original works (primary collection) and approximately 10,000 photographs and engravings (secondary collection), many of them portraits of past and present Fellows.

**Other artefacts:** The collection comprises approximately 250 items and includes scientific instruments, furniture and furnishings, and the Society’s Charter Book.

The collections are accessible to scholars and the wider public through the Royal Society’s History of Science Centre, which includes a reference library and an extensive online presence, including a fully searchable catalogue and image library.

**Summary of heritage asset transactions**

<table>
<thead>
<tr>
<th></th>
<th>Assets held at cost £'000</th>
<th>Assets held at valuation £'000</th>
<th>2022 £'000</th>
<th>2021 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases/ donations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 April</td>
<td>36,270</td>
<td>12,893</td>
<td>49,163</td>
<td>49,476</td>
</tr>
<tr>
<td>Additions</td>
<td>84</td>
<td>–</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Disposals</td>
<td>–</td>
<td>–</td>
<td>(315)</td>
<td></td>
</tr>
<tr>
<td><strong>Valuation or cost at 31 March</strong></td>
<td>36,354</td>
<td>12,893</td>
<td>49,163</td>
<td>49,476</td>
</tr>
</tbody>
</table>

The heritage assets comprise:

**Printed books**

- **Archives**
  - **Other artefacts**
    - **Total**

The printed books and archives were originally valued in August 2003 by Roger Gaskell, a rare book dealer, and the pictures and other artefacts were valued in 2015 by Weller King, Fine Art Dealers. The valuations are on a fair market/ replacement basis on those parts of the collection where it is felt such a valuation can be reasonably made. Assets are held at valuation as a proxy for cost.

An annual review of the indicators of impairment was undertaken in March 2022 and no indicators of impairment were identified in this review. An independent valuation of the printed books was carried out in March 2022 by Bernard Quaritch Ltd, a rare book dealer. There was no indication of an impairment in the deemed cost of the printed books as a result of this independent valuation.
17. Heritage assets CONTINUED

Five year financial summary of heritage asset transactions

<table>
<thead>
<tr>
<th></th>
<th>2022 £'000</th>
<th>2021 £'000</th>
<th>2020 £'000</th>
<th>2019 £'000</th>
<th>2018 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases/donations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printed books</td>
<td>–</td>
<td>–</td>
<td>1</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Archives</td>
<td>16</td>
<td>–</td>
<td>37</td>
<td>51</td>
<td>–</td>
</tr>
<tr>
<td>Pictures, sculptures and other works of art</td>
<td>68</td>
<td>2</td>
<td>22</td>
<td>37</td>
<td>20</td>
</tr>
<tr>
<td>Other artefacts</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total Purchases/ donations</td>
<td>84</td>
<td>2</td>
<td>60</td>
<td>95</td>
<td>21</td>
</tr>
</tbody>
</table>

Donated heritage assets are recognised in the year they are received. There were no disposals of heritage assets during the year (2021: £315,000). Other than heritage assets disposed in 2021, there have been no other disposals of heritage assets within the last five years.

Preservation and Management

Expenditure which in the Trustees’ view is required to preserve or clearly prevent further deterioration of individual collection items is recognised in the Income and Expenditure account when it is incurred.

The Society has an ongoing cataloguing project and the Society’s major strategic facilities for the long-term preservation of its historic archives, manuscripts and printed books are environmentally-controlled store rooms (conforming to British Standard BS EN 16893:2018).

The Society’s modern records have been subject to a full audit, completed in April 2011. This process enabled the full-life management, destruction and permanent archiving of pertinent files. Conservation of both old and new archives is now underway.

Each of the Society’s major collections (archives, modern records, printed books, pictures, journals, objects) has a designated member of curatorial staff and exhibited materials are looked after by an exhibitions manager. Collections are managed and recorded in discrete databases and according to the prevailing standard in each area (for example, International Standard Archival Description (ISAD) for archival cataloguing, SPECTRUM for museum standards and picture control). In 2018, the Society’s archives achieved accredited status (for procedures and service quality) with the UK National Archives.

18. Investments

Group and Charity

<table>
<thead>
<tr>
<th></th>
<th>2022 £'000</th>
<th>2021 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuation at 1 April</td>
<td>297,310</td>
<td>234,075</td>
</tr>
<tr>
<td>Additions of investments</td>
<td>100,801</td>
<td>53,397</td>
</tr>
<tr>
<td>Disposal of investments</td>
<td>(103,331)</td>
<td>(50,385)</td>
</tr>
<tr>
<td>Net change in cash invested for trades within portfolio</td>
<td>1,770</td>
<td>(3,673)</td>
</tr>
<tr>
<td>Investment management costs</td>
<td>(2,685)</td>
<td>(1,030)</td>
</tr>
<tr>
<td>Net cash (withdrawn from) added to portfolio</td>
<td>(3,274)</td>
<td>2,828</td>
</tr>
<tr>
<td>Net gains on valuation at 31 March</td>
<td>17,719</td>
<td>62,098</td>
</tr>
<tr>
<td>Valuation at 31 March</td>
<td>308,310</td>
<td>297,310</td>
</tr>
<tr>
<td>Total historical cost at the end of the year</td>
<td>242,508</td>
<td>200,562</td>
</tr>
</tbody>
</table>

The valuation at 31 March comprises:

Investments listed on a recognised stock exchange including investments and unit trusts:

- UK: 168,060
- Overseas: 114,900

Other Unlisted Securities:

- UK: 10,116
- Overseas: 2,705

Cash:

- UK: 6,984
- Overseas: 5,545

Total: 308,310

Overseas investments comprise equities, unit/investment trusts and fixed interest funds.

The Society owns 100% of the issued share capital of Royal Society Trading Limited (note 26). The principal activity of the company was conferencing activities at Chicheley Hall. The company ceased trading on 23 March 2020 and was dormant in the year ended 31 March 2022.

The Society owns 100% of the issued share capital of Royal Society (London) Ltd (note 26). The principal activity of the company is corporate sponsorships.

Funds are invested as follows:

<table>
<thead>
<tr>
<th></th>
<th>2022 £'000</th>
<th>2021 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific investments – Amadeus RSEF</td>
<td>9,136</td>
<td>7,555</td>
</tr>
<tr>
<td>Specific investments – Theo Murphy Australia Fund</td>
<td>4,181</td>
<td>3,982</td>
</tr>
<tr>
<td>Pooled investments</td>
<td>294,993</td>
<td>285,773</td>
</tr>
<tr>
<td>Total</td>
<td>308,310</td>
<td>297,310</td>
</tr>
</tbody>
</table>
21. Statement of total returns

<table>
<thead>
<tr>
<th>Description</th>
<th>Expendable endowment £'000</th>
<th>Permanent endowment £'000</th>
<th>2022 Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment returns</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>1,203</td>
<td>3,957</td>
<td>5,160</td>
</tr>
<tr>
<td>Capital gains</td>
<td>2,688</td>
<td>9,449</td>
<td>12,137</td>
</tr>
<tr>
<td>Investment management costs</td>
<td>(415)</td>
<td>(1,405)</td>
<td>(1,820)</td>
</tr>
<tr>
<td>Total return for year</td>
<td>3,476</td>
<td>12,001</td>
<td>15,477</td>
</tr>
<tr>
<td>Repayment</td>
<td>(1,953)</td>
<td>(6,542)</td>
<td>(8,535)</td>
</tr>
<tr>
<td>Less application of total return</td>
<td>(1,497)</td>
<td>(2,183)</td>
<td>(3,680)</td>
</tr>
<tr>
<td>Net total return for the year</td>
<td>(14)</td>
<td>3,276</td>
<td>3,262</td>
</tr>
</tbody>
</table>

Unapplied Total return

At 31 March 2022: 17,785 £'000
At 31 March 2021: 17,791 £'000

22. Analysis of net assets between funds

<table>
<thead>
<tr>
<th>Description</th>
<th>Unrestricted funds £'000</th>
<th>Restricted funds £'000</th>
<th>Expendable endowment funds £'000</th>
<th>Permanent endowment funds £'000</th>
<th>2022 Total funds £'000</th>
<th>2021 Total funds £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds balances at 31 March</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>256</td>
<td></td>
<td></td>
<td></td>
<td>256</td>
<td>228</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>9,378</td>
<td>9,378</td>
<td></td>
<td></td>
<td>9,727</td>
<td></td>
</tr>
<tr>
<td>Heritage assets</td>
<td>49,247</td>
<td></td>
<td></td>
<td></td>
<td>49,247</td>
<td>49,563</td>
</tr>
<tr>
<td>Investments</td>
<td>45,226</td>
<td>49,587</td>
<td></td>
<td></td>
<td>308,310</td>
<td>297,310</td>
</tr>
<tr>
<td>Net current liabilities</td>
<td>(6,641)</td>
<td></td>
<td></td>
<td></td>
<td>(6,641)</td>
<td>(6,576)</td>
</tr>
<tr>
<td>Creditors: Due after one year</td>
<td>(39)</td>
<td></td>
<td></td>
<td></td>
<td>(39)</td>
<td>(45)</td>
</tr>
<tr>
<td>Defined benefit scheme liability</td>
<td>(4,304)</td>
<td></td>
<td></td>
<td></td>
<td>(4,304)</td>
<td>(12,217)</td>
</tr>
<tr>
<td>Net assets</td>
<td>93,323</td>
<td>42,340</td>
<td>49,587</td>
<td></td>
<td>356,207</td>
<td>334,590</td>
</tr>
</tbody>
</table>

The net current liabilities in 2022 are funded by investments, which could be realised to meet the net liabilities as they fall due.

All net current liabilities in the Group accounts relate to the Charity.

There is no material difference in net assets between funds for the Charity.
23. Movements on Trust and specific funds in year – Group

### Permanent endowment funds

<table>
<thead>
<tr>
<th></th>
<th>Relevant value b/f</th>
<th>Indexation</th>
<th>Relevant value c/f</th>
<th>Unapplied total return at 1 April 2021</th>
<th>Income</th>
<th>£'000</th>
<th>Investment gain/(loss)</th>
<th>£'000</th>
<th>Expenditure</th>
<th>£'000</th>
<th>Transfers/ application of total return at 31 March 2022</th>
<th>Unapplied total at 31 March 2022</th>
<th>£'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Sciences Trust</td>
<td>11,598</td>
<td>776</td>
<td>12,374</td>
<td>7,028</td>
<td>469</td>
<td>1135</td>
<td>(166)</td>
<td>(776)</td>
<td>(644)</td>
<td>7,049</td>
<td>19,423</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maths and Physical Sciences Trust</td>
<td>10,639</td>
<td>710</td>
<td>11,349</td>
<td>6,478</td>
<td>431</td>
<td>1,043</td>
<td>(153)</td>
<td>(710)</td>
<td>(589)</td>
<td>6,500</td>
<td>17,849</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RW Paul Instrument Fund</td>
<td>11,407</td>
<td>763</td>
<td>12,170</td>
<td>7,441</td>
<td>472</td>
<td>1,211</td>
<td>(168)</td>
<td>(763)</td>
<td>(101)</td>
<td>7,997</td>
<td>20,167</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Theo Murphy – Australia</td>
<td>54,677</td>
<td>3,655</td>
<td>58,332</td>
<td>33,742</td>
<td>2,213</td>
<td>5,258</td>
<td>(786)</td>
<td>(3,655)</td>
<td>(515)</td>
<td>36,257</td>
<td>94,589</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Permanent Endowments</td>
<td>9,574</td>
<td>638</td>
<td>10,212</td>
<td>5,248</td>
<td>372</td>
<td>892</td>
<td>(122)</td>
<td>(638)</td>
<td>(332)</td>
<td>5,410</td>
<td>15,622</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong> Permanent endowments part of the UTR</td>
<td>97,895</td>
<td>6,542</td>
<td>104,437</td>
<td>59,937</td>
<td>3,957</td>
<td>9,449</td>
<td>(1,405)</td>
<td>(6,542)</td>
<td>(2,183)</td>
<td>63,213</td>
<td>167,650</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Important notes:**
- Funds not part of the Unapplied Total Return
- Theo Murphy – Australia
- Total Permanent endowments

### Expendable endowment funds

<table>
<thead>
<tr>
<th></th>
<th>Relevant value b/f</th>
<th>Indexation</th>
<th>Relevant value c/f</th>
<th>Unapplied total return at 1 April 2021</th>
<th>Income</th>
<th>£'000</th>
<th>Investment gain/(loss)</th>
<th>£'000</th>
<th>Expenditure</th>
<th>£'000</th>
<th>Transfers/ application of total return at 31 March 2022</th>
<th>Unapplied total at 31 March 2022</th>
<th>£'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Trust Fund</td>
<td>11,121</td>
<td>744</td>
<td>11,865</td>
<td>8,027</td>
<td>483</td>
<td>1,078</td>
<td>(967)</td>
<td>(744)</td>
<td>(604)</td>
<td>8,073</td>
<td>19,938</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life Sciences Trust</td>
<td>6,797</td>
<td>454</td>
<td>7,251</td>
<td>4,073</td>
<td>275</td>
<td>616</td>
<td>(951)</td>
<td>(454)</td>
<td>(375)</td>
<td>4,040</td>
<td>11,291</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maths and Physical Sciences Trust</td>
<td>3,701</td>
<td>248</td>
<td>3,949</td>
<td>2,241</td>
<td>151</td>
<td>337</td>
<td>(52)</td>
<td>(248)</td>
<td>(206)</td>
<td>2,223</td>
<td>6,172</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Expendable funds</strong></td>
<td>8,190</td>
<td>547</td>
<td>8,737</td>
<td>3,458</td>
<td>294</td>
<td>657</td>
<td>(101)</td>
<td>(547)</td>
<td>(312)</td>
<td>3,449</td>
<td>12,186</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total expendable endowment funds**

- 29,809
- 1,993
- 31,802
- 17,999
- 1,203
- 2,688
- (415)
- (1,993)
- (1,497)
- 17,785
- 49,587

Indexation has been applied using the annual CPI rate to March.
Notes to the financial statements CONTINUED
For the year ended 31 March 2022

23. Movements on Trust and specific funds in year – Group CONTINUED
The Theo Murphy Funds (in the UK and Australia) were created through a bequest from the estate of the late Theo Murphy. The funds “shall be used or applied to further scientific discovery in the fields of medicine, science, technology and engineering”. The Australia Fund will carry out activities in Australia in accordance with the will.

The objects of the General Fund are to promote and advance for the general benefit of the public, including the scientific (science, medicine, engineering and technology) community, the efficiency and effectiveness of the Royal Society and its Fellowship. This shall be done in particular by establishing, promoting, supporting and maintaining, for the general benefit of the public and the scientific community, its activities, premises, fixtures and fittings, equipment, libraries and archives, general publications and the history of science.

The Enterprise Fund was created by generous donations in support of the Society in making equity investments in innovative early-stage businesses emerging from the science base in the UK and elsewhere.

The Nutrition in Old Age Fund was established following the receipt of a legacy for the study of nutrition in old age.

Other Restricted Funds comprise monies received to fund separate restricted projects in line with our charitable activities and are held as separate individual funds in our accounts. No individual balance is in excess of £4 million on 31 March 2022.

The Revaluation Reserve relates to the revaluation of the heritage assets.

The Transfers between projects and funds include administration charges of the investments held in the trusts, administration costs reclaimed from projects where applicable, notional interest paid to projects in respect of income held during the year and any income released to the general reserves at the end of projects (where allowed under the gift or grant agreement).

24. Financial Commitments – Group and Charity
At 31 March 2022 the Society had the following commitments:

Total future minimum lease payments under a non-cancellable operating lease in respect of occupation of 6–9 Carlton House Terrace, London is as follows for each of the following periods:

<table>
<thead>
<tr>
<th>Period</th>
<th>2022 £’000</th>
<th>2021 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>490</td>
<td>490</td>
</tr>
<tr>
<td>One to five years</td>
<td>1,960</td>
<td>1,960</td>
</tr>
<tr>
<td>Over five years</td>
<td>18,130</td>
<td>18,620</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20,580</strong></td>
<td><strong>21,070</strong></td>
</tr>
</tbody>
</table>

The lease is due to expire on 5 January 2064 however the next 10 yearly rent review is due on 5 January 2025.

Agreements and commitments to fund research professorships / fellowships and other grants at 31 March 2022 totalled £44,000,000 (2021: £30,000,000). Of these, £77,000,000 (2021: £59,000,000) are due in less than one year, and £68,000,000 (2021: £71,000,000) in between two and five years. There are no grants payable in more than 5 years.

The Society has entered into investment contract commitments totalling £46,000 (2021: £462,000) payable at dates yet to be agreed.

25. Pension obligations – Group and Charity
The Royal Society (‘the Employer’) operates a defined benefit pension arrangement in the UK called the Pension and Life Assurance Plan of the Royal Society (‘the Plan’), with assets held in a separately administered fund. The Plan provides retirement benefits on the basis of members’ final salary. The Plan is closed to new members, although remains open to future benefit accrual, and provides benefits on a defined benefit basis.

The most recent valuation of the Plan under FRS102 was carried out as at 31 March 2022. The valuation of the Plan used the projected unit method and was carried out by Barnett Waddingham LLP, professionally qualified actuaries.

The Employer expects to make contributions to the Plan during the year to 31 March 2023 of around £1,850,000 (2022: £1,850,000).

The Plan is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Plan is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process, the Employer must agree with the trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective and contributions to pay for future accrual of benefits.

The full actuarial valuation at 1 January 2019 showed an increase in the deficit from £3,776,000 to £8,732,000. It has been agreed with the Trustees that the Employer will pay £652,000 on or before each 30 April and 31 October in the years 2020 to 2026 inclusive to meet the deficit. The triennial valuation as at 1 January 2022 is currently in progress.

Contributions payable by the Employer in respect of future benefit accrual and expenses are at the rate of 28% of Pensionable Salaries. Members’ contributions are 7% of Pensionable Salaries. Life cover and dependants’ pensions in respect of death in service are provided by additional insurance premiums. Contributions payable by the Employer in respect of expenses are at the rate of £13,750 per month.

The Principal assumptions used to calculate Plan liabilities include:

<table>
<thead>
<tr>
<th>Assumption</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation (RPI)</td>
<td>3.60%</td>
<td>3.50%</td>
</tr>
<tr>
<td>Inflation (CPI)</td>
<td>3.05%</td>
<td>2.90%</td>
</tr>
<tr>
<td>Salary escalation</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Increase to pensions in payment* – subject to LPI minimum 4%</td>
<td>4.30%</td>
<td>4.20%</td>
</tr>
<tr>
<td>Increase to pensions in payment* – subject to LPI</td>
<td>3.40%</td>
<td>3.30%</td>
</tr>
<tr>
<td>Statutory revaluation</td>
<td>3.05%</td>
<td>2.90%</td>
</tr>
<tr>
<td>Discount rate (pre-and-post-retirement)</td>
<td>2.75%</td>
<td>2.05%</td>
</tr>
<tr>
<td>Pre-retirement mortality table</td>
<td>105% of S3NA</td>
<td>105% of S3NA</td>
</tr>
<tr>
<td>Post-retirement mortality table</td>
<td>105% of S3NA</td>
<td>105% of S3NA</td>
</tr>
<tr>
<td>Post-retirement mortality projection</td>
<td>CMI_2021 projections with LTR of 1.25% pa and initial addition of 0.25% pa. The 2020 and 2021 weight parameters are both 10% CMI_2020 projections with LTR of 1.25% pa and initial addition of 0.25% pa and the 2020 weight parameter is 25%</td>
<td></td>
</tr>
<tr>
<td>Tax free cash</td>
<td>20% of pension</td>
<td>20% of pension</td>
</tr>
<tr>
<td>Withdrawals</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

*Pensions in payment increase by the lesser of the annual increase in the retail price index or 3%. For service prior to 1 November 2001, this is subject to a minimum increase of 4%.
25. Pension obligations – Group and Charity CONTINUED

Under the mortality tables and projections adopted, the assumed future life expectancy at age 60 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male currently aged 40</td>
<td>27.8 years</td>
<td>27.8 years</td>
</tr>
<tr>
<td>Female currently aged 40</td>
<td>30.6 years</td>
<td>30.6 years</td>
</tr>
<tr>
<td>Male currently aged 60</td>
<td>26.4 years</td>
<td>26.3 years</td>
</tr>
<tr>
<td>Female currently aged 60</td>
<td>29.2 years</td>
<td>29.2 years</td>
</tr>
</tbody>
</table>

The assets in the Plan were:

<table>
<thead>
<tr>
<th></th>
<th>Value at 31 March 2022 £'000</th>
<th>Value at 31 March 2021 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>15,998</td>
<td>14,941</td>
</tr>
<tr>
<td>LDI Portfolio</td>
<td>9,740</td>
<td>11,097</td>
</tr>
<tr>
<td>Multi asset fund</td>
<td>18,747</td>
<td>17,973</td>
</tr>
<tr>
<td>Cash</td>
<td>5,990</td>
<td>5,877</td>
</tr>
<tr>
<td>Annuity policies</td>
<td>4,193</td>
<td>4,021</td>
</tr>
<tr>
<td>Total market value of Plan assets</td>
<td>54,668</td>
<td>53,889</td>
</tr>
<tr>
<td>Present value of scheme liabilities</td>
<td>(58,972)</td>
<td>(66,106)</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>(4,304)</td>
<td>(7,217)</td>
</tr>
</tbody>
</table>

The assets do not include any investment in the Employer.

Reconciliation of present value of scheme liabilities

<table>
<thead>
<tr>
<th></th>
<th>Value at 31 March 2022 £'000</th>
<th>Value at 31 March 2021 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit obligation at 1 April</td>
<td>66,106</td>
<td>59,070</td>
</tr>
<tr>
<td>Current service cost</td>
<td>485</td>
<td>412</td>
</tr>
<tr>
<td>Contributions by Plan participants</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td>Past service cost</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Interest cost</td>
<td>1,339</td>
<td>1,337</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(1,669)</td>
<td>(2,026)</td>
</tr>
<tr>
<td>Change due to settlements or curtailments</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Experience loss/(gain) on liabilities</td>
<td>503</td>
<td>(541)</td>
</tr>
<tr>
<td>Changes to demographic assumptions</td>
<td>10</td>
<td>(3,016)</td>
</tr>
<tr>
<td>Changes to financial assumptions</td>
<td>(7,896)</td>
<td>8,774</td>
</tr>
<tr>
<td>Defined benefit obligation at 31 March</td>
<td>58,972</td>
<td>66,106</td>
</tr>
</tbody>
</table>

Sensitivity analysis of the scheme deficit

The sensitivity of the present value of the scheme deficit to changes in the principal assumptions used is set out below:

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Change in liabilities £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>-0.10%</td>
</tr>
<tr>
<td>Rate of inflation*</td>
<td>-0.10%</td>
</tr>
<tr>
<td>Commutation</td>
<td>No commutation</td>
</tr>
<tr>
<td>Mortality – long term improvements</td>
<td>1% pa long-term rate of mortality improvements</td>
</tr>
<tr>
<td>Mortality – no weight on pandemic data</td>
<td>2020 and 2021 weight parameters set to 0%</td>
</tr>
</tbody>
</table>

Reconciliation of fair value of scheme assets

<table>
<thead>
<tr>
<th></th>
<th>Value at 31 March 2022 £'000</th>
<th>Value at 31 March 2021 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of scheme assets at 1 April</td>
<td>53,889</td>
<td>48,353</td>
</tr>
<tr>
<td>Interest on assets</td>
<td>1,106</td>
<td>1,109</td>
</tr>
<tr>
<td>Contributions by the Employer</td>
<td>1,843</td>
<td>1,832</td>
</tr>
<tr>
<td>Contributions by Scheme participants</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(1,669)</td>
<td>(2,026)</td>
</tr>
<tr>
<td>Administration costs</td>
<td>(183)</td>
<td>(189)</td>
</tr>
<tr>
<td>Return on Plan assets less interest</td>
<td>(412)</td>
<td>4,716</td>
</tr>
<tr>
<td>Fair value of scheme assets at 31 March</td>
<td>54,668</td>
<td>53,889</td>
</tr>
</tbody>
</table>

The actual return on Plan assets in the year was £680,000 (2021: £5,825,000).

Analysis of the amount charged to the statement of financial activities – operations

<table>
<thead>
<tr>
<th></th>
<th>Value at 31 March 2022 £'000</th>
<th>Value at 31 March 2021 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>485</td>
<td>412</td>
</tr>
<tr>
<td>Administration costs</td>
<td>183</td>
<td>189</td>
</tr>
<tr>
<td>Interest cost</td>
<td>1,339</td>
<td>1,337</td>
</tr>
<tr>
<td>Interest on assets</td>
<td>(1,106)</td>
<td>(1,100)</td>
</tr>
<tr>
<td>Past service cost</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total Charge</td>
<td>901</td>
<td>828</td>
</tr>
</tbody>
</table>
Notes to the financial statements CONTINUED
For the year ended 31 March 2022

25. Pension obligations – Group and Charity CONTINUED

Actuarial gains and losses

<table>
<thead>
<tr>
<th>Description</th>
<th>Value at 31 March 2022 £’000</th>
<th>Value at 31 March 2021 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Losses/(gains) on scheme assets in excess of interest</td>
<td>412</td>
<td>(4,715)</td>
</tr>
<tr>
<td>Experience losses/(gains) on liabilities</td>
<td>503</td>
<td>(549)</td>
</tr>
<tr>
<td>Losses/(gains) from changes to demographic assumptions</td>
<td>10</td>
<td>8,014</td>
</tr>
<tr>
<td>(Gains)/losses from changes to financial assumptions</td>
<td>(7,896)</td>
<td>8,774</td>
</tr>
<tr>
<td>Actuarial (gains)/losses</td>
<td>(6,971)</td>
<td>2,504</td>
</tr>
</tbody>
</table>

The Royal Society (‘the Employer’) operates two pension schemes and contributes to the Royal Society Group Personal Pension Plan (defined contribution). During the year ended 31 March 2022, employer contributions to this scheme totalled £641,000 (2021: £633,000).

During the year, one member of the Society’s staff was a member of Universities Superannuation Scheme (USS), a defined benefit scheme (2021: one member). During the year ended 31 March 2022, employer contributions to this scheme totalled £26,000 (2021: £26,000). The employer contribution rates at the year end was 21% (2021: 21%).

USS is a defined benefit scheme which is externally funded and valued every three years by professionally qualified independent actuaries using the Projected Unit Method. The scheme is a “last man standing” scheme which means that in the event that another member institution becomes insolvent the other participating members will pick up any funding shortfall.

At the date of the latest actuarial valuation of the scheme (31 March 2020), the assets were sufficient to cover 84% of the benefits that had accrued to members; the deficit at 31 March 2020 was £12.9 billion (2019: £5.4 billion).

Based on expected contributions until 31 March 2028, the net present value of the payment towards the reduction of the deficit at 31 March 2020 was £12.9 billion (2019: £5.4 billion).

26. Subsidiary undertakings

The Society owns 100% of the £1 called-up and issued share capital of Royal Society Trading Limited 06967016. Royal Society Trading Limited company was set up to process the activities that occur at Chicheley Hall. On 23 March 2020, Directors of Royal Society Trading Limited agreed to cease operations immediately and the company has not traded since this date. On 10 March 2021, Chicheley Hall was sold. Royal Society Trading Limited was dormant in the year ended 31 March 2022.

The Society also owns 100% of the £1 called-up and issued share capital of Royal Society (London) Ltd 08808518. Royal Society (London) Ltd company has been set up to process corporate sponsorships at the Society.
27. Prior year comparison – Consolidated statement of financial activities
(incorporating an income and expenditure account)
For the year ended 31 March 2021

<table>
<thead>
<tr>
<th>Notes</th>
<th>Unrestricted funds £'000</th>
<th>Restricted funds £'000</th>
<th>Expendable endowment funds £'000</th>
<th>Permanent endowment funds £'000</th>
<th>2021 Total funds £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income and endowments from donations and legacies</td>
<td>1</td>
<td>734</td>
<td>1,124</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Income from charitable activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants for charitable activities</td>
<td>4</td>
<td>1,181</td>
<td>117,850</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Trading in furtherance of charitable activities</td>
<td>3</td>
<td>7,522</td>
<td>522</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8,703</td>
<td>118,372</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other trading activities</td>
<td>3</td>
<td>110</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Income from investments</td>
<td>2</td>
<td>786</td>
<td>654</td>
<td>802</td>
<td>2,615</td>
</tr>
<tr>
<td>Other income</td>
<td>–</td>
<td>23</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td>896</td>
<td>677</td>
<td>802</td>
<td>2,615</td>
</tr>
<tr>
<td>Total income before exceptional item</td>
<td>10,333</td>
<td>120,173</td>
<td>802</td>
<td>2,615</td>
<td>133,923</td>
</tr>
<tr>
<td>Exceptional net income from property sale</td>
<td>5</td>
<td>2,247</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total income</td>
<td>12,580</td>
<td>120,173</td>
<td>802</td>
<td>2,615</td>
<td>136,170</td>
</tr>
<tr>
<td>Expenditure on raising funds</td>
<td>6</td>
<td>1,191</td>
<td>303</td>
<td>127</td>
<td>474</td>
</tr>
<tr>
<td>Expenditure on charitable activities</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promoting science and its benefits</td>
<td>261</td>
<td>81</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Supporting and recognising excellence in science</td>
<td>8,275</td>
<td>106,397</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Providing scientific advice for policy</td>
<td>1,945</td>
<td>2,099</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Fostering international and global cooperation</td>
<td>885</td>
<td>12,279</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Education and public engagement</td>
<td>2,998</td>
<td>1107</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td>14,364</td>
<td>121,963</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total expenditure</td>
<td>15,555</td>
<td>122,266</td>
<td>127</td>
<td>474</td>
<td>138,422</td>
</tr>
<tr>
<td>Net (expenditure)/ income before net gains/ (losses) on investments</td>
<td>(2,975)</td>
<td>(2,093)</td>
<td>675</td>
<td>2,141</td>
<td>(2,250)</td>
</tr>
<tr>
<td>Net gains on investments</td>
<td>18</td>
<td>8,462</td>
<td>4,015</td>
<td>11,275</td>
<td>38,346</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>5,487</td>
<td>1,922</td>
<td>11,950</td>
<td>40,487</td>
<td>59,846</td>
</tr>
<tr>
<td>Gross transfers between funds</td>
<td>23</td>
<td>1,986</td>
<td>1,834</td>
<td>(1,331)</td>
<td>(2,489)</td>
</tr>
<tr>
<td>Actuarial gains/(losses) on defined benefit pension scheme</td>
<td>25</td>
<td>(2,504)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net movement in funds</td>
<td>4,969</td>
<td>3,756</td>
<td>10,619</td>
<td>37,998</td>
<td>57,342</td>
</tr>
<tr>
<td>Total funds brought forward</td>
<td>80,445</td>
<td>36,729</td>
<td>36,989</td>
<td>123,085</td>
<td>277,248</td>
</tr>
<tr>
<td>Total funds carried forward</td>
<td>85,414</td>
<td>40,485</td>
<td>47,608</td>
<td>161,083</td>
<td>334,590</td>
</tr>
</tbody>
</table>

28. Prior year comparison
Analysis of net assets between funds – Group

<table>
<thead>
<tr>
<th>Notes</th>
<th>Unrestricted funds £'000</th>
<th>Restricted funds £'000</th>
<th>Expendable endowment funds £'000</th>
<th>Permanent endowment funds £'000</th>
<th>2021 Total funds £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds balances at 31 March 2021 are represented by:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>228</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>228</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>9,727</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>9,727</td>
</tr>
<tr>
<td>Heritage assets</td>
<td>49,163</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>49,163</td>
</tr>
<tr>
<td>Investments</td>
<td>48,134</td>
<td>40,485</td>
<td>47,608</td>
<td>161,083</td>
<td>297,310</td>
</tr>
<tr>
<td>Net current liabilities</td>
<td>(9,576)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(9,576)</td>
</tr>
<tr>
<td>Creditors: Due after one year</td>
<td>(45)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(45)</td>
</tr>
<tr>
<td>Defined benefit pension scheme liability</td>
<td>(12,219)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(12,219)</td>
</tr>
<tr>
<td>Net assets</td>
<td>85,414</td>
<td>40,485</td>
<td>47,608</td>
<td>161,083</td>
<td>334,590</td>
</tr>
</tbody>
</table>
29. Prior year comparison

Movements on Trust and specific funds in year – Group

<table>
<thead>
<tr>
<th>Permanent endowment funds</th>
<th>Brought forward at 1 April 2020</th>
<th>Income £'000</th>
<th>Expenditure £'000</th>
<th>Transfers £'000</th>
<th>Investment and actuarial gain/ (loss) £'000</th>
<th>Carried forward at 31 March 2021 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Sciences Trust</td>
<td>14,511</td>
<td>314</td>
<td>(57)</td>
<td>(596)</td>
<td>4,454</td>
<td>18,626</td>
</tr>
<tr>
<td>Maths and Physical Sciences Trust</td>
<td>13,336</td>
<td>288</td>
<td>(5,2)</td>
<td>(548)</td>
<td>4,093</td>
<td>17,117</td>
</tr>
<tr>
<td>RW Paul Instrument Fund</td>
<td>14,361</td>
<td>310</td>
<td>(56)</td>
<td>(175)</td>
<td>4,408</td>
<td>18,848</td>
</tr>
<tr>
<td>Theo Murphy – UK</td>
<td>67,396</td>
<td>1,456</td>
<td>(264)</td>
<td>(855)</td>
<td>20,686</td>
<td>88,419</td>
</tr>
<tr>
<td>Theo Murphy – Australia</td>
<td>2,052</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>3,251</td>
</tr>
<tr>
<td>Other Permanent Endowments</td>
<td>14,429</td>
<td>247</td>
<td>(45)</td>
<td>(315)</td>
<td>3,506</td>
<td>14,822</td>
</tr>
<tr>
<td>Total permanent endowment funds</td>
<td>123,085</td>
<td>2,615</td>
<td>(474)</td>
<td>(2,489)</td>
<td>38,346</td>
<td>161,083</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expendable endowment funds</th>
<th>Brought forward at 1 April 2020</th>
<th>Income £'000</th>
<th>Expenditure £'000</th>
<th>Transfers £'000</th>
<th>Investment and actuarial gain/ (loss) £'000</th>
<th>Carried forward at 31 March 2021 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Trust Fund</td>
<td>14,836</td>
<td>322</td>
<td>(51)</td>
<td>(481)</td>
<td>4,522</td>
<td>19,148</td>
</tr>
<tr>
<td>Life Sciences Trust</td>
<td>8,479</td>
<td>184</td>
<td>(29)</td>
<td>(344)</td>
<td>2,585</td>
<td>10,869</td>
</tr>
<tr>
<td>Maths and Physical Sciences Trust</td>
<td>4,637</td>
<td>100</td>
<td>(16)</td>
<td>(192)</td>
<td>1,413</td>
<td>5,943</td>
</tr>
<tr>
<td>Other Expendable Endowments</td>
<td>9,037</td>
<td>196</td>
<td>(30)</td>
<td>(309)</td>
<td>2,755</td>
<td>11,648</td>
</tr>
<tr>
<td>Total expendable endowment funds</td>
<td>36,989</td>
<td>802</td>
<td>(127)</td>
<td>(1,337)</td>
<td>11,275</td>
<td>47,608</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Restricted funds</th>
<th>Brought forward at 1 April 2020</th>
<th>Income £'000</th>
<th>Expenditure £'000</th>
<th>Transfers £'000</th>
<th>Investment and actuarial gain/ (loss) £'000</th>
<th>Carried forward at 31 March 2021 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Sciences Trust</td>
<td>4,819</td>
<td>67</td>
<td>(1,394)</td>
<td>772</td>
<td>582</td>
<td>4,846</td>
</tr>
<tr>
<td>Maths and Physical Sciences Trust</td>
<td>3,766</td>
<td>70</td>
<td>(1,044)</td>
<td>511</td>
<td>754</td>
<td>4,057</td>
</tr>
<tr>
<td>Enterprise Fund</td>
<td>8,621</td>
<td>–</td>
<td>(203)</td>
<td>–</td>
<td>(866)</td>
<td>7,555</td>
</tr>
<tr>
<td>Nutrition in Old Age Fund</td>
<td>5,916</td>
<td>116</td>
<td>(19)</td>
<td>(18)</td>
<td>1,257</td>
<td>7,252</td>
</tr>
<tr>
<td>Other restricted funds</td>
<td>13,607</td>
<td>119,920</td>
<td>(19,609)</td>
<td>569</td>
<td>2,288</td>
<td>16,775</td>
</tr>
<tr>
<td>Total restricted funds</td>
<td>36,729</td>
<td>120,073</td>
<td>(122,266)</td>
<td>1,834</td>
<td>4,015</td>
<td>40,485</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unrestricted funds</th>
<th>Brought forward at 1 April 2020</th>
<th>Income £'000</th>
<th>Expenditure £'000</th>
<th>Transfers £'000</th>
<th>Investment and actuarial gain/ (loss) £'000</th>
<th>Carried forward at 31 March 2021 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Trust Fund</td>
<td>15,348</td>
<td>310</td>
<td>(483)</td>
<td>483</td>
<td>3,172</td>
<td>18,830</td>
</tr>
<tr>
<td>BEIS Science and Research</td>
<td>–</td>
<td>952</td>
<td>(992)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Revaluation Reserve</td>
<td>47,856</td>
<td>–</td>
<td>–</td>
<td>(315)</td>
<td>–</td>
<td>47,541</td>
</tr>
<tr>
<td>Defined Benefit Pension Reserve</td>
<td>(10,717)</td>
<td>–</td>
<td>1,004</td>
<td>(2,504)</td>
<td>–</td>
<td>(12,217)</td>
</tr>
<tr>
<td>General Purpose</td>
<td>27,958</td>
<td>11,883</td>
<td>(15,689)</td>
<td>1,818</td>
<td>5,290</td>
<td>31,260</td>
</tr>
<tr>
<td>Total unrestricted funds</td>
<td>80,445</td>
<td>13,185</td>
<td>(16,160)</td>
<td>1,986</td>
<td>5,958</td>
<td>85,414</td>
</tr>
</tbody>
</table>

Total for all trusts

| Life Sciences Trust                                            | 27,809                          | 565         | (1,480)          | (173)          | 7,621                                    | 34,342                                |
| Maths and Physical Sciences Trust                              | 21,739                          | 458         | (1,112)          | (229)          | 6,260                                    | 27,116                                |
| RW Paul Instrument Fund                                        | 14,361                          | 310         | (56)             | (175)          | 4,408                                    | 18,848                                |
| Theo Murphy – UK                                               | 67,396                          | 1,456       | (264)            | (855)          | 20,686                                   | 88,419                                |
| Theo Murphy – Australia                                        | 2,052                           | –           | –                | –              | –                                        | 3,251                                 |
| Other Permanent Endowments                                     | 14,429                          | 247         | (45)             | (315)          | 3,506                                    | 14,822                                |
| Theo Murphy – Australia                                        | 2,052                           | –           | –                | –              | –                                        | 3,251                                 |
| General Trust Fund                                             | 30,884                          | 632         | (534)            | 2              | 7,694                                    | 37,978                                |
| Other Expendable Endowments                                    | 9,037                           | 196         | (30)             | (309)          | 2,755                                    | 11,648                                |
| Enterprise Fund                                                | 8,621                           | –           | (200)            | –              | (866)                                    | 7,555                                 |
| Nutrition in Old Age Fund                                      | 5,916                           | 116         | (19)             | (18)           | 1,257                                    | 7,252                                 |
| Other Restricted Funds                                         | 13,607                          | 119,920     | (19,609)         | 569            | 2,288                                    | 16,775                                |
| BEIS Science and Research                                      | –                               | 992         | (992)            | –              | –                                        | –                                    |
| Revaluation Reserve                                            | 47,856                          | –           | –                | (315)          | –                                        | 47,541                                |
| Defined Benefit Pension Reserve                                 | (10,717)                        | –           | 1,004            | –              | (2,504)                                  | (12,217)                              |
| General Purpose                                                | 27,958                          | 11,883      | (15,689)         | 1,818          | 5,290                                    | 31,260                                |
| Total                                                          | 277,248                         | 136,775     | (139,027)        | –              | 59,594                                   | 334,590                               |
Reference and administrative details

President
Sir Adrian Smith

Treasurer
Sir Andrew Hopper

Physical Secretary
Sir Peter Bruce

Foreign Secretary
Sir Richard Catlow*
Sir Robin Grimes**

Biological Secretary
Dame Linda Partridge

Members of Council
Professor Judith Armitage
Professor Michael Ashfold*
Sir David Baulcombe**
Professor David Beeling
Baroness Brown of Cambridge (Professor Dame Julia King)**
Sir Steven Cowley
Professor Anne Dell**
Dame Athene Donald**
Professor Christi Donnelly
Dr Christopher Dye*
Professor Alison Etheridge**
Professor Chris Hawkesworth*
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Professor Robin Perutz**
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Sir Jim Smith
Professor Maria Grazia Spillantini*
Professor Jennifer Thomas
Professor Veronica van Heyningen

Audit Committee Chair
Sir John Beddington

Executive Director
Dr Julie Maxton

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Jennifer Cormack, Director of Development
Mary Daly, Chief Financial Officer
Richard Gascoigne, Director of IT
Bill Hartnett, Director of Communications
Linda Kelly, Director of Human Resources
Dr Rupert Lewis, Chief Science Policy Officer
Dr Paul McDonald, Director of Grants Programmes
Lesley Miles, Chief Programmes, Partnerships and Engagement Officer
Dr Alan Pitt, Director of Fellowship, Strategy and Governance
Dr Stuart Taylor, Director of Publishing

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Bankers
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Investment Managers
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8 Finsbury Circus, London EC2M 7AZ

Internal Auditors
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KPMG LLP
15 Canada Square, London E14 5GL

Lawyers
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Withers LLP
20 Old Bailey, London EC4M 7AN

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* Retired 30 November 2021
** Appointed 30 November 2021
*** Resigned 8 February 2022
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