

Society *for* Applied Microbiology

2016 ANNUAL REPORT

OF THE TRUSTEES FOR THE
YEAR ENDED 31 DECEMBER 2016



Company Information

EXECUTIVE COMMITTEE – OFFICERS

PRESIDENT:

Prof. Christine Dodd

GENERAL SECRETARY:

Dr Clare Taylor

VICE PRESIDENT:

Prof. Mark Fielder (from July 2016)

OUTGOING TREASURER:

Mr Steve Davies

INCOMING TREASURER:

Mr Philip Wheat

OUTGOING MEETINGS SECRETARY:

Dr Andrew Sails

INCOMING MEETINGS SECRETARY:

Prof. Ian Feavers

EXECUTIVE COMMITTEE – ORDINARY COMMITTEE MEMBERS

Dr Tim Aldsworth
(Until July 2017)

Dr Linda Thomas
(Until July 2017)

Ms Charlotte Duncan
(Until July 2018)

Mrs Claire Hill
(Until July 2018)

Dr Mike Dempsey
(Until July 2018)

Prof. Valerie Edwards-Jones
(Until July 2019)

Dr Brian Jones
(Until July 2019)

Dr Simon Gould
(Until July 2019)

Prof. Stephen Forsythe
(Until July 2019)

COMPANY REGISTERED NUMBER

06462427

CHARITY REGISTERED NUMBER

1123044

REGISTERED OFFICE

Charles Darwin House
12 Roger Street
London
WC1N 2JU

COMPANY SECRETARY

Dr Lucy Harper

CHIEF EXECUTIVE

Dr Lucy Harper

INDEPENDENT AUDITORS

Peters Elworthy & Moore
Salisbury House
Station Road
Cambridge
CB1 2LA

BANKERS

Bank of Scotland
Teviot House
41 South Gyle Crescent
Edinburgh
EH12 9DR

SOLICITORS

Sharman Law
1 Harpur Street
Bedford
MK40 1PF

STOCKBROKERS

Brewin Dolphin Securities
12 Smithfield Street
London
EC1A 9BD

Trustees Report

For the year ended 31 December 2016

The trustees (who are also Directors of the charity for the purpose of the Companies Act) present their annual report together with the audited financial statements of the Society for Applied Microbiology (the company) for the year ended 31 December 2016. The trustees confirm that the annual report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

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Objectives and Activities

In line with the organizational strategy 2015-2018, the Society maintains its vision, mission and values as described. The object, from the Memorandum and Articles of Association, remains as valid in 2016 as it was when first conceived in 2008:

Object

SfAM works to advance, for the benefit of the public, the science of microbiology in its application to the environment, human and animal health, agriculture and industry.

Vision

SfAM envisages a future where applied microbiology research and development is strong in the UK and beyond, and the applications of microbiology contribute significantly to all global challenges facing humanity, including infectious diseases; the changing environment; sustainability of energy, food, water, and land resources; and economic growth.

Mission

SfAM will achieve this by being the voice of applied microbiology and advancing, for the benefit of the public, the science of microbiology in its application to the environment, human and animal health, agriculture, and industry. It will work in partnership with sister organizations and microbiological bodies to ensure that microbiology and microbiologists contribute to evidence based policy making within the UK, in Europe, and worldwide. SfAM will build on a strong history of microbiology in the UK and will move forward in step with the next generation of microbiologists.

Values

SfAM is "*The Friendly Society*". We are modern, innovative, and progressive; we value integrity, honesty, and respect; and we seek to promote excellence and professionalism and to inspire the next generation of microbiologists.



Main Activities

undertaken to further the charity's purpose for public benefit

The trustees review the activities of the Society at every Executive Committee meeting, of which there are three per year. The activities of the Society are described on pages 5 to 9. In planning and in carrying out the Society's activities for this year, the trustees have taken into account the published guidance of the Charity Commission concerning Public Benefit (pursuant to s4 of the Charities Act 2011).

Journals

The Society's journals continue to thrive and adapt to the changing publishing landscape. Wiley works with the Chief Editors and Editorial Boards to ensure each journal is utilising all technological developments relevant to each journal, to ensure content is available to as wide an audience as possible, globally. A strategic review of the editorial model and scope of each journal was undertaken in 2016 and the results of this will roll out in 2017.

The Society's EMI and JAM lectures enable the Society to recognise the success of these two journals and their importance in providing the Society with the income it needs to deliver the membership benefits, events, grants and other charitable activities of the Society.

Membership, Marketing and Communications

Membership engagement remained a focus for the Society during 2016. This year a Membership Review took place, using data from members and non-members to inform changes to membership categories and the provision of relevant and useful membership benefits, beginning in 2017.

An objective was set in 2015 to reach at least 25% of members via email. To that end, the Society deployed a new Contact Relationship Management (CRM) system. IMIS was launched in August 2016 and will enable more effective membership engagement through user-friendly search facilities and tracking of members' interactions with the Society.

The objective to continue to publish four issues of *Microbiologist* per year – keeping it an attractive benefit for members and maximizing the value of news and features content across platforms – was set and remained true for 2016.

In 2015, the Society set an objective to increase engagement via the website and social media channels by 20% by 2018. In 2015, our engagement via Facebook increased by over 2000%! Despite this unprecedented increase, there remained an objective to increase social media engagement during 2016. This raises the Society's profile and exposes the Society to new audiences and potential members worldwide.

Events

2016 was a year of change for the SfAM events calendar. The winter meeting on psychrophilic and extremophile microbiology began with the 10th Denver Russell Memorial Lecture given by Professor Charles Cockell of the University of Edinburgh.

The Society's spring meeting changed focus, broadening its reach beyond the biomedical community, with the objective of increasing attendance, to also include research scientists within academia, public health and industry through the theme of whole genome sequencing (WGS).

Changing theme was common to the Society's summer conference this year, which was on microbial interactions in the environment and was held at the Assembly Rooms in Edinburgh, with the aim of attracting a new audience to the work of the Society.

The success of the meeting on antimicrobial resistance (AMR) in 2015, together with an acknowledgement that the subject remains a global problem and one which the Society feels it's well positioned to begin to address, resulted in the second one-day AMR meeting held at the end of 2016.

Main Activities

undertaken to further the charity's purpose for public benefit

Grants and Awards

As one of our charitable aims, the Society continues to support applied microbiologists at every stage of their career, worldwide with a diverse grants provision. In 2016, this remained as per previous years, but a review process took place during 2016 which has resulted in an update and some significant changes to our grants for roll-out in 2017.

Policy and Public Affairs

The Society continues to engage actively in policy work. The LeSPAR group remained a focus for 2016, as did the update to our position statements on AMR and WGS (see page 7). The Society actively participated in the parliamentary events organised by the Royal Society of Biology: Parliamentary Links Day and Voice of the Future. At the end of 2016, the Society increased its resource in policy through the appointment of Policy Officer, Dr Christopher Brown who will lead on the formation of a Policy Subcommittee. This group aims to enable wider expertise input to our policy work.

ECS

The Society continues to recognise the importance of early career scientist (ECS) members through the ECS committee. This driven and passionate group have their own committee who organise events at the summer conference to enable student and early career researchers to network and learn new skills. They also run their own research conference which enables contributors to hone their presentation, meeting organization and communication skills within a 'safe' environment. This group are represented on the Meetings Subcommittee, as well as the Executive Committee itself (as observers) where they contribute a great deal to the discussions and provide an essential early career perspective.

Achievements and Performance

Journals

The five journals' Impact Factors for 2016 are:

JOURNAL OF APPLIED MICROBIOLOGY:	2.156
LETTERS IN APPLIED MICROBIOLOGY:	1.579
ENVIRONMENTAL MICROBIOLOGY:	5.932
ENVIRONMENTAL MICROBIOLOGY REPORTS:	3.5
MICROBIAL BIOTECHNOLOGY:	3.991

The Environmental Microbiology (EMI) lecture in 2016 was given by Professor Margaret McFall-Ngai (University of Hawaii at Manoa). Her lecture was entitled "*Waging peace: establishment and maintenance of stable alliances between animals and their microbial partners*".

The Journal of Applied Microbiology (JAM) lecture in 2016 was given by Dr Max Dow (University College Cork, Ireland). His lecture was entitled "*The Diffusible Signal Factor (DSF) family of bacterial cell-cell signal molecules*".

Both lectures were very well attended and received excellent feedback from attendees. All SfAM journal lectures were recorded live and broadcast via YouTube and the SfAM website, each receiving hundreds of views.

Membership, Marketing and Communications

The Society's membership in 2016 was 2496 members in 83 countries: Full Ordinary (1261), Full Student (493), Associate (42), Honorary (27), Retired (116), eAffiliate (15), eStudent (542) and Corporate (18).

Engagement via the corporate website and social media channels increased by well over the objective of 20% per year over the strategy period with an audience including the general public and other relevant organizations:

- Facebook increased from 20222 to 31131 (54%)
- Twitter increased from 5300 to 8776 (66%)
- LinkedIn increased from 4111 to 4798 (17%)
- The SfAM website continues to attract a large audience (43832 unique visitors in 2016).

In terms of engagement with our own members, the 35% open rate for meetings emails and 45% open rate for the membership renewal gift email are both well above the industry standard rate for opening email newsletters.

Microbiologist has developed this year and the addition of the blog for news stories has been a great success in attracting traffic.

The Society continues to proactively engage with the media via the Science Media Centre (SMC) on appropriate topics. Members of the committee have continued to promote the Society where possible when approached by the media. Clare Taylor (General Secretary) and Mark Fielder (Vice President) were particularly visible via BBC/Sky News/Channel 5/MailOnline on the outbreak of the Zika virus which gained good coverage for the Society. Clare Taylor also defended a JAM article on hand dryers vs paper towels on BBC radio. Mark Fielder continues to increase his profile across numerous media outlets as a prominent expert on AMR with a focus on agriculture.

Events

The spring meeting attracted a large delegation – the most delegates to attend a spring meeting since 2010. The Society certainly achieved the objective of increasing attendance to the Society's spring meeting by 50% within the strategy period 2015-2018. It also generated a position statement on WGS which is available on the Society website: <http://www.sfam.org.uk/en/about/policy/position-statements.cfm>

The 2nd SfAM AMR meeting was a resounding success – the best attended one-day meeting in the history of the Society (since records began) with an attendance of over 180 delegates. The Society were honoured to have the Chief Medical Officer Professor Dame Sally Davies as the plenary speaker, and this meeting resulted in an update to our position statement on AMR which is available on the Society website: <http://www.sfam.org.uk/en/about/policy/position-statements.cfm>

Achievements and Performance

Continued

Grants and Awards

The Society offers a number of grants to which all members are encouraged to apply. Grants are promoted at meetings, on the SfAM website, via social media, via the member's ebuletin and *Microbiologist* magazine. Full details of all grants are available through the SfAM website or from the Society

headquarters. The details of the number of awards made in 2015 are described below. Further details regarding the individuals awarded each grant can be obtained by contacting the Society. The President's Fund, administered by the President, is available to all our members.

GRANT	MAXIMUM AWARD PER GRANT (£)	NUMBER OF APPLICATIONS IN 2016	NUMBER AWARDED IN 2016	NUMBER DECLINED
PRESIDENTS FUND	1200	58	51	7
STUDENTS INTO WORK	2500	38	28	10
NEW LECTURER RESEARCH GRANT	20000	9	2	7
CONFERENCE STUDENTSHIP	n/a	27	27	0
RESEARCH DEVELOPMENT FUND	2500	1	1	0
HARDSHIP RESEARCH GRANT	9000	6	4	2
PUBLIC ENGAGEMENT GRANT	2000	11	9	2
EDUCATIONAL RESOURCES GRANT	10000	4	3	1
SPONSORED LECTURE GRANT	500	2	2	0
INTERNATIONAL CAPACITY BUILDING GRANT	5000	4	3	1
MEETING ORGANIZATION GRANT	2000	6	4	2
STUDENT PROFESSIONAL PLACEMENT GRANT	Maximum total award 20,000	1 (15 students)	1	0
E-AFFILIATE BURSARY	n/a	1	1	0
SCIENTIFIC MEETING ATTENDANCE GRANT	300	44	33	6 withdrawn 5 declined

W. H. Pierce Prize Winner

The most prestigious SfAM award is the W. H. Pierce Prize, presented by Thermo Fisher Scientific to a young microbiologist who has made a substantial contribution to microbiology. In 2016, the award was presented to Professor Jack Gilbert who is Faculty Director of the Microbiome Centre, Professor of Surgery at the

University of Chicago, Senior Scientist at the Marine Biological Laboratory and Group Leader in Microbial Ecology at Argonne National Laboratory. On receipt of his award, Jack presented a fascinating insight into the microbiome of the indoor environment at the summer conference in Edinburgh.

Achievements and Performance

Continued

Policy and Public Affairs

During 2016, the Society was represented on the following external committees:

COMMITTEE	SfAM REPRESENTATIVE
BRITISH STANDARDS INSTITUTE TECHNICAL COMMITTEES: Aw/9 Microbiology Microbiological Methods CH212 Chemical disinfectants and antiseptics panel	Sue Passmore Sue Passmore John Rigarlsford
FEDERATION OF MICROBIOLOGICAL SOCIETIES	Clare Taylor
MICROBIOLOGY IN SCHOOLS ADVISORY COMMITTEE	Linda Thomas
PARLIAMENTARY AND SCIENTIFIC COMMITTEE	Mark Fielder
ROYAL SOCIETY OF BIOLOGY – AUDIT COMMITTEE	Lucy Harper
UK SMI COMMITTEES: Steering committee Virology working group Bacteriology working group	Mark Fielder Laura Ryall Andrew Sails

The Society holds strategic partnerships with the following organizations and groups:

- LeSPAR,
- Royal Society of Biology,
- Federation of Microbiological Societies,
- European Federation of Biotechnology,
- Antibiotic Action,
- Campaign for Science and Engineering,
- Sense About Science,
- Science Media Centre,
- Foundation for Science and Technology,
- American Society of Microbiology,
- CARA,
- Science Policy Advisers Network.

ECS

In 2016, the ECS conference was on the theme of 'Bioethics' and included a panel discussion with eminent scientists and practitioners in the field.

Financial Review

The net assets of the Society are above £8M (£8,835,545). As an incorporated limited company and registered charity, the strong financial position of the Society ensures that we remain in a position to expand benefits for members, whilst further building the reputation of SfAM worldwide. Our members received more than £213K worth of grants in 2016 and benefited from the large subsidy provided for meetings.

Investment Policy and Performance

Under the Constitution, the Charity has the power to invest in any way the trustees wish. The trustees, having regard to the liquidity requirements of operating the Society, have operated a policy of keeping available funds with the investment brokers which attract interest payments which match or exceed inflation as measured by the retail price index. Funds are withdrawn throughout the year to an agreed payment mandate.

The trustees have reviewed the long-term strategy for managing the investment portfolio. Overall the strategy will remain the same with the aim of increasing the capital value of the portfolio. This will hopefully also increase the annual revenue which is currently received. This increase in revenue may be needed if the current level of income received from journal publication activities is adversely affected in the future. The strategy will be reviewed in light of actual income or expenditure changes, which for 2017 will relate to the relocation of the Society headquarters to Charles Darwin House (CDH) in London and the associated purchase of a share of CDH Ltd which will take place in 2017.

The market value of the listed investments of the Society, as of the 31 December 2016, is £7,895,094 (2015: £6,987,106).

Reserves Policy

The Society for Applied Microbiology provides three main resources for its professional members:

- 1) Scientific publications, that is the *Journal of Applied Microbiology*, *Letters in Applied Microbiology*, *Environmental Microbiology*, *Environmental Microbiology Reports*, *Microbial Biotechnology* and *Microbiologist*.

- 2) Scientific Conferences and Meetings
- 3) Grants

The trustees of the Society have designated four reserve funds to support these resources:

- 1) Property operating reserve (£150K). To ensure adequate reserves for maintaining the operational property.
- 2) Publications reserve (£250K). To ensure adequate reserves for the publication of journals for members. The journals are a core function of the Society and essential to its future stability.
- 3) Grants reserve (£250K). To ensure adequate reserves for meeting grant commitments. The Society provides grants for its members to attend scientific meetings, help students into work by providing funding for suitable work experience and to attend and provide lectures. This is considered to be an increasingly important part of the Society's work.
- 4) Scientific meetings reserve (£100K). To ensure adequate reserves for the Society's scientific meetings.

The trustees feel that these reserves will allow the Charity's activities to continue at the present level over a reasonable period in the event of a significant drop in income.

Total reserves are £8,835,545 of which £7,895,094 is held in investments which are held for the purposes of income generation.

Going Concern

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

The full accounts are presented here. Any member wanting a complete list of the Society's investment portfolio should contact the Society office for further information.

Structure, Governance and Management

The Society for Applied Microbiology is a charity and a company limited by guarantee, first incorporated in 2008. The governing documents are the Memorandum and Articles of Association. The object of the Society is to advance, for the benefit of the public, the science of microbiology, in its application to the environment, human and animal health, agriculture and industry.

The Society is governed by the Executive Committee consisting of 14 members. Of these, from July 2016 five members are Officer positions (President, Vice-President, General Secretary, Treasurer and Meetings Secretary); these are nominated by the Executive Committee and elected by the membership.

The other members are nominated and elected by the membership. The Executive Committee meets three times a year. In addition, a variety of subcommittees report to the Executive Committee. These subcommittees include Meetings, Finance, *Microbiologist* Editorial Group and Grants. During 2016 a new search committee process was established to improve the transparency of the selection of Officers. This was implemented in 2016 through the appointment of the new Treasurer and Meetings Secretary.

All newly appointed or elected members of the Executive Committee receive an induction pack. This comprises the Society's Memorandum and Articles of Association, minutes of recent committee meetings, organizational charts and papers describing the duties and responsibilities of Officers and other committee members. All members of the Executive Committee are required to complete declarations of other interests, including potential competing interests, and declare that they are not disqualified from serving as company directors or charity trustees.

The Chief Executive (CE) is in charge of the day-to-day operations of the Society. The CE presents regular reports to the Executive Committee including at least three committee meetings per year and, in addition, further frequent contact with the Officers.

Periodically, the Society holds Strategy Away Days during which trustees consider and decide upon the future direction of the Society.

In 2016, there were a number of changes to the membership of the Executive Committee (EC), which comprises the Officers and Committee members, who together are the trustees of the Society. We said goodbye to two Officers. Mr Steve Davies stepped down as Treasurer and Mr Phil Wheat was nominated and appointed. Dr Andrew Sails stepped down as Meetings Secretary and Professor Ian Feavers was nominated and appointed as his replacement.

The trustees would like to thank Steve and Andy for their hard work and valuable contributions to the Society for the previous seven years.

Prof. Mark Fielder was appointed as Vice President in 2016 and we welcomed Prof. Stephen Forsythe and Dr Simon Gould to the Executive Committee as trustees.

We would like to thank Prof. John Threlfall and Prof. Brendan Gilmore who stepped down from their roles on the Executive Committee for their valued contributions to the work of the Society.

Operations

2016 was a significant year with the move of the Society headquarters from Bedford to Charles Darwin House in London. The objectives of the move included:

- Increased efficiencies of operation, in terms of staff travel time to London meetings – both internal and external
- Increased cohesion of the Society – the ability for trustees and other stakeholders to visit the operational centre of the Society and meet with staff more easily
- Increased ease of collaboration with sister learned societies

The Society moved into the building as tenants for 2016 with a view to purchasing a share of CDH Ltd during 2017.

Structure, Governance and Management

Continued

The move resulted in a big change to the staff team, with Julie Wright (Finance and Grants Co-ordinator), Julie Buchanan (Membership Officer) and Clare Satchell (Public Engagement Officer) leaving the Society in 2016. The trustees of the Society would like to thank all three staff members for their hard work and years of contribution to the Society.

A staff restructure resulted in the appointment of Stewart Cumiskey (Press and Media Officer), Dr Christopher Brown (Policy Officer), Tina Sellwood (Finance and Grants Co-ordinator) and Rosie Stevens (Membership and Marketing Officer) in 2016.

The move has provided the Society with many changes, increased operational efficiencies, increased cohesion and ease of collaboration with sister learned societies and other stakeholders in London.

Risk Management

The trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Key Management Personnel Remuneration

The trustees consider the Executive Committee and the Chief Executive as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day-to-day basis. All trustees give of their time freely and no trustee remuneration was paid in the year.

Trustees are required to disclose all relevant interests and register them with the Chief Executive and in accordance with the Society's policy withdraw from decisions in which conflict of interest arises.

The pay of the Chief Executive is reviewed annually. A full benchmarking exercise of all staff roles was carried out during 2016 and the Chief Executive's salary was included within this.

Plans for the Future

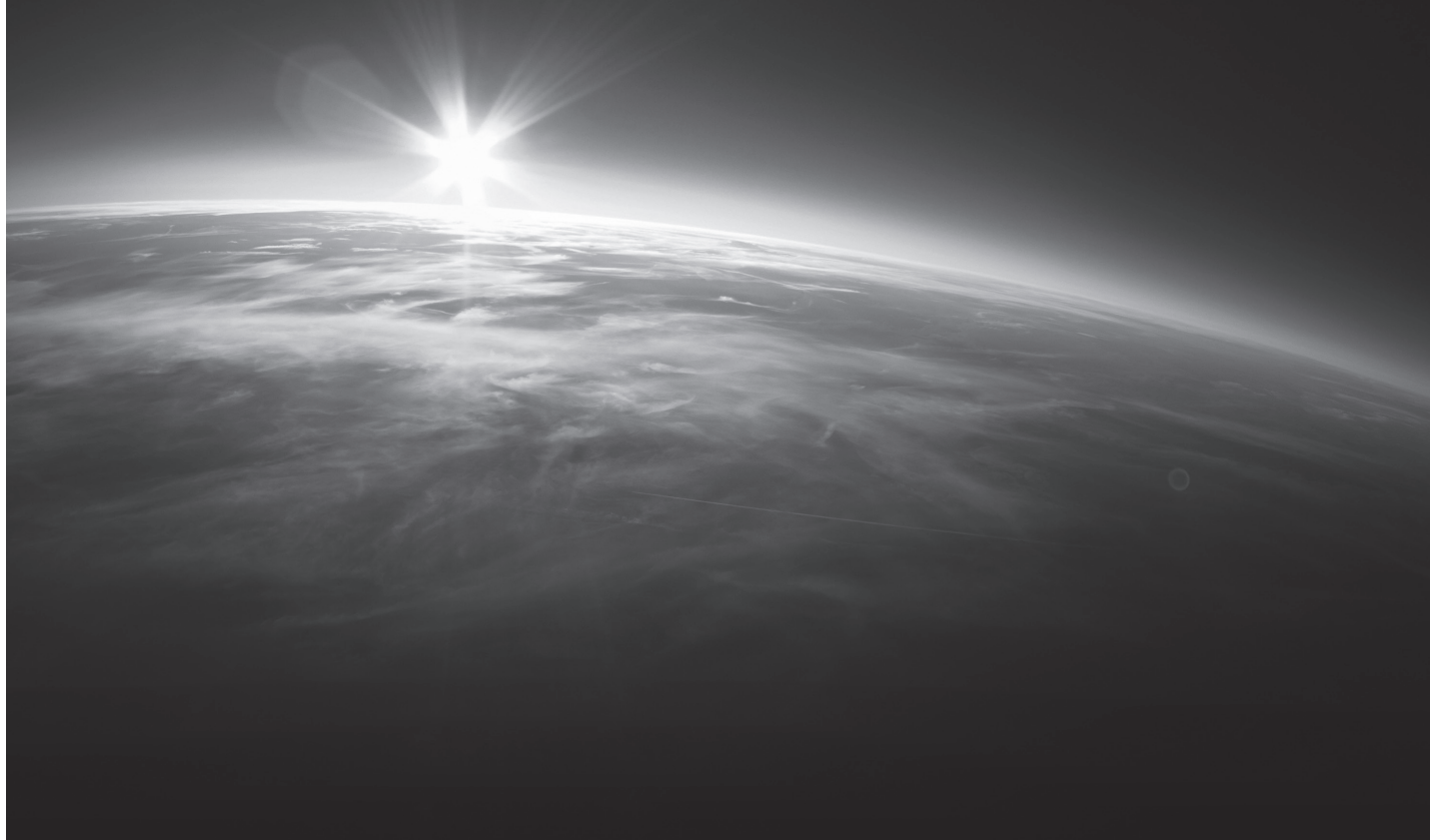
With 2016 being a year of considerable change for the Society operationally and from a governance perspective, 2017 will be a year of consolidation. The short-term future will focus on cementing relationships between the new staff team and the new Officers and putting new operational systems and policies in place.

2017 will also see the implementation of the outcomes and outputs from the Society's Grants and Membership Reviews. This will include changes to membership categories and membership benefits to ensure we're providing our members with the most relevant and useful benefits to support them at all stages of their career.

The Society will continue to collaborate with other like-minded organizations and the new headquarters will facilitate this extremely well. Several collaborative scientific meetings are planned, enabling the Society to be exposed to new audiences, and introducing our members to the work of others.

We will also be appointing a new President who will oversee a review of our organizational strategy which will provide a clear direction for the Society, building on our strong foundations to take the Society forwards.

We would like to thank all staff, trustees and representatives of the Society for the hard work which has brought the Society to its current position and we look forward to a bright future.



Trustees Responsibilities Statement

The trustees (who are also Directors of Society for Applied Microbiology for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to Auditor

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Since the company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

This report was approved by the trustees on and signed on their behalf by:

.....

Professor Christine Dodd
President

.....

Mr Philip Wheat
Treasurer

Independent Auditors Report

We have audited the financial statements of Society for Applied Microbiology for the year ended 31 December 2016 set out on pages 17 to 30. The financial reporting framework that has been applied in their preparation is applicable in law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective Responsibilities of Trustees and Auditors

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

Independent Auditors Report

Continued

Matters on which we are required to report by exception

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

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- the company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

.....
Peters Elworthy & Moore

Chartered Accountants

Statutory Auditors

Cambridge

Date:

Peters Elworthy & Moore are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

Statement of Financial Activities

(incorporating income and expenditure account)

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Unrestricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
INCOME FROM:				
Charitable activities	3	1,268,942	1,268,942	1,110,785
Investments	2	180,376	180,376	223,553
TOTAL INCOME		1,449,318	1,449,318	1,334,338
EXPENDITURE ON:				
Raising funds	4	35,317	35,317	30,081
Charitable activities	5	1,242,159	1,242,159	1,122,196
TOTAL EXPENDITURE		1,277,476	1,277,476	1,152,277
NET INCOME BEFORE INVESTMENT GAINS/(LOSSES)		171,842	171,842	182,061
Net gains/(losses) on investments	12	1,012,992	1,012,992	(123,562)
NET INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES		1,184,834	1,184,834	58,499
NET MOVEMENT IN FUNDS		1,184,834	1,184,834	58,499
RECONCILIATION OF FUNDS:				
Total funds brought forward		7,650,711	7,650,711	7,592,212
TOTAL FUNDS CARRIED FORWARD		8,835,545	8,835,545	7,650,711

All activities relate to continuing operations.

The notes on pages 20 to 30 form part of these financial statements.

Balance Sheet

AS AT 31 DECEMBER 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	11		14,167		-
Investments	12		7,895,094		6,987,106
			7,909,261		6,987,106
CURRENT ASSETS					
Debtors	13	704,508		628,545	
Cash at bank and in hand		355,893		156,574	
		1,060,401		785,119	
CREDITORS: amounts falling due within one year	14	(128,487)		(107,966)	
NET CURRENT ASSETS			931,914		677,153
TOTAL ASSETS LESS CURRENT LIABILITIES			8,841,175		7,664,259
CREDITORS: amounts falling due after more than one year	15		(5,630)		(13,548)
NET ASSETS			8,835,545		7,650,711
CHARITY FUNDS					
Unrestricted funds	16		8,835,545		7,650,711
TOTAL FUNDS			8,835,545		7,650,711

The trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the trustees on 3 July 2017 and signed on their behalf by

.....
Professor Christine Dodd,
President

.....
Mr Philip Wheat
Treasurer

The notes on pages 20 to 30 form part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operating activities	17	(70,434)	(14,633)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends and interest from investments		180,376	223,553
Movement in cash at investment broker		(269,292)	83,425
Purchase of tangible fixed assets		(15,627)	-
Proceeds from sale of investments		3,552,742	719,356
Purchase of investments		(3,178,446)	(963,301)
NET CASH PROVIDED BY INVESTING ACTIVITIES		269,753	63,033
Change in cash and cash equivalents in the year		199,319	48,400
Cash and cash equivalents brought forward		156,574	108,174
CASH AND CASH EQUIVALENTS CARRIED FORWARD	18	355,893	156,574

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting Policies

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Society for Applied Microbiology meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 GOING CONCERN

The trustees consider that there are no material uncertainties about the Charitable company's ability to continue as a going concern.

1.3 COMPANY STATUS

The company is a company limited by guarantee. The members of the company are the trustees named on page 2. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.4 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.5 INCOME

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Membership income is recognised over the period to which the subscription relates. Memberships received in advance are included in deferred income.

Publishing income is recognised in the period that the journal was issued.

Income for meetings and conferences is recognised in the period that the meeting takes place.

Income received in advance is included in deferred income.

Notes to the Financial Statements

Continued

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by the investment advisor of the dividend yield of the investment portfolio.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

1.6 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Costs of generating funds are fees payable to the Charities investment broker.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attached are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

Support costs are those costs incurred directly in support of expenditure on the objects of the company. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Redundancy costs are recognised at the time of payment being made or at the time notice is given - whichever is earlier.

All resources expended are inclusive of irrecoverable VAT.

1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings - 20% straight line

Office equipment - 20% straight line

1.8 FINANCIAL INSTRUMENTS

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.9 INVESTMENTS

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless fair value cannot be measured reliably

Notes to the Financial Statements

Continued

FOR THE YEAR ENDED 31 DECEMBER 2016

in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities incorporating income and expenditure account.

1.10 REALISED GAINS AND LOSSES

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

1.11 OPERATING LEASES

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.12 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.13 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.14 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised as the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.15 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities incorporating income and expenditure account.

1.16 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Notes to the Financial Statements

Continued

2. Investment Income

	Unrestricted funds 2016 £	Total funds 2015 £
Investment income - listed investments	180,376	223,553

In 2015, all investment income was attributable to unrestricted funds.

3. Income from Charitable Activities

	Unrestricted funds 2016 £	Total funds 2015 £
Journals and other publications	1,159,411	1,011,940
Subscriptions from members	56,344	55,443
Meetings and conferences	47,235	36,041
Other income	5,952	7,361
	1,268,942	1,110,785

In 2015, all income from charitable activities was attributable to unrestricted funds.

4. Investment Management Costs

	Unrestricted funds 2016 £	Total funds 2015 £
Investment manager's fees	35,317	30,081

In 2015, all investment management costs related to unrestricted funds.

Notes to the Financial Statements

Continued

FOR THE YEAR ENDED 31 DECEMBER 2016

5. Analysis of Expenditure by Activities

	Activities undertaken directly 2016 £	Grant of funding activities 2016 £	Support and governance costs 2016 £	Total 2016 £	Total 2015 £
Meeting and conference expenses	341,699	-	173,037	514,736	470,708
Journal costs	78,375	-	84,081	162,456	119,404
Publication expenses	89,821	-	84,081	173,902	150,415
Grants and studentships	-	213,471	-	213,471	254,103
Member subscriptions	-	-	177,594	177,594	157,647
Total	509,895	213,471	518,793	1,242,159	1,152,277

In 2015, all expenditure was attributable to unrestricted funds.

6. Analysis of Grants

	Grant of institutions 2016 £	Grants to individuals 2016 £	Total 2016 £	Total 2015 £
Grants and studentships	9,871	203,600	213,471	254,103

In 2016, four grants were made to institutions (2015: 15) and 165 grants to individuals (2015: 155).

Notes to the Financial Statements

Continued

7. Direct Costs

	Meeting and conference costs £	Journal costs £	Publication expenses £	Total 2016 £	Total 2015 £
Winter meeting costs	11,928	-	-	11,928	13,298
Summer conference costs	113,829	-	-	113,829	130,382
Other meeting costs	147,325	-	-	147,325	111,216
Journal provision costs	-	78,375	-	78,375	51,592
Microbiologist costs	-	-	72,562	72,562	67,084
Promotional costs	31,130	-	-	31,130	45,102
Other publication costs	-	-	17,259	17,259	15,519
Presidents dinner	25,041	-	-	25,041	26,208
Spring meeting costs	12,446	-	-	12,446	6,354
Subtotal	341,699	78,375	89,821	509,895	466,756
Other direct costs	-	-	-	-	(1)
	316,767	78,375	89,821	509,895	466,755

8. Support Costs

	Meeting and conference costs £	Journal costs £	Publication expenses £	Membership subscription £	Total 2016 £	Total 2015 £
Other meeting costs	-	-	-	-	-	11,885
Professional fees	587	294	294	588	1,763	7,436
CRM costs	3,316	-	-	9,334	12,650	24,379
Office costs	38,510	19,244	19,244	38,510	115,508	108,184
Accountancy	11,468	5,730	5,730	11,467	34,395	29,734
Relocation costs	5,302	2,649	2,649	5,301	15,901	-
Committee meeting costs	6,070	3,034	3,034	6,071	18,209	21,188
Wages and salaries	90,054	44,999	44,999	90,053	270,105	158,334
National insurance	8,206	4,101	4,101	8,206	24,614	16,391
Pension costs	8,064	4,030	4,030	8,064	24,188	23,807
Depreciation	1,460	-	-	-	1,460	-
	173,037	84,081	84,081	177,594	518,793	401,338

Included within support costs are governance costs amounting to £52,604 (2015: £50,922). This comprises of Accountancy fees of £34,395 and Committee meeting costs of £18,209.

Notes to the Financial Statements

Continued

FOR THE YEAR ENDED 31 DECEMBER 2016

9. Net Income/(Expenditure)

	2016 £	2015 £
This is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the charity	1,460	-
Auditors remuneration	8,425	8,425
Auditors remuneration - non-audit services	25,970	21,309

Non-audit services for the charity includes tax advisory work of £5,175 (2015: £4,300) and other financial services £20,795 (2015: £17,009).

10. Staff Costs, Trustee Remuneration and Expenses and the Cost of Key Management Personnel

	2016 £	2015 £
Staff costs were as follows:		
Wages and salaries	270,105	158,334
Social security costs	24,614	16,391
Other pension costs	24,188	23,807
	318,907	198,532

The average number of persons employed by the company during the year was as follows:	2016 No.	2015 No.
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Management and administration of the charity	5	5
----------------------------------------------	---	---

The number of higher paid employees was:

	2016 No.	2015 No.
In the band £60,001 - £70,000	0	1
In the band £80,000 - £90,000*	1	0

* = included within the banding above is a one-off disturbance allowance of £6,506

The Charitable company considers its key management personnel comprise the trustees and the Chief Executive. During the year, no trustees received any remuneration (2015 - £NIL). The total employment benefits including employer pension contributions of the key management personnel were £92,140 (2015 - £76,697).

16 (2015 - 19) trustees received reimbursement of expenses amounting to £14,370 (2015 - £14,174).

All trustees' expenses are reimbursement of travel and subsistence costs for trustees attending meetings on behalf of the Charity.

Included in staff costs above are redundancy costs totalling £48,298 (2015 - £nil) that have been funded out of unrestricted reserves.

Notes to the Financial Statements

Continued

11. Tangible Fixed Assets

	Fixtures and fittings £	Office equipment £	Total £
Cost			
At 1 January 2016	6,986	36,849	43,835
Additions	7,584	8,043	15,627
At December 2016	14,570	44,892	59,462
Depreciation			
At 1 January 2016	6,986	36,849	43,835
Charge for the year	650	810	1,460
At 31 December 2016	7,636	37,659	45,295
Net Book Value			
At 31 December 2016	6,934	7,233	14,167
At December 2015	-	-	-

12. Fixed Asset Investments

	Listed securities £
Market Value of Listed Investments	
At 1 January 2016	6,987,106
Additions	3,178,446
Disposals at opening market value (Proceeds: £3,552,742)	(3,151,779)
Revaluations	612,029
Movement in cash held at investment broker	269,292
At 31 December 2016	7,895,094

Investment Risk Management

All the fixed asset investments are held in the UK.

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price or the NAV of the fund. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The significance of financial instruments to the ongoing financial sustainability of the charity is considered in the financial review and investment policy and performance sections of the trustees' Annual Report.

Notes to the Financial Statements

Continued

FOR THE YEAR ENDED 31 DECEMBER 2016

The main risk to the charity from financial instruments lies in the combination of uncertain investment markets and volatility in yield. Liquidity risk is anticipated to be low as all assets are traded and the commitment to intervention by central banks and market regulators has continued to provide for orderly trading in the markets and so their ability to buy and sell quoted equities and stock is anticipated to continue. The charity's investments are mainly traded in markets with good liquidity and high trading volumes. The charity has no material investment holdings in markets subject to exchange controls or trading restrictions.

The charity manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges. The charity does not make use of derivatives and similar complex financial instruments as it takes the view that investments are held for their longer-term yield total return and historic studies of quoted financial instruments have shown that volatility in any particular five year period will normally be corrected.

13. Debtors

	2016 £	2015 £
Prepayments and accrued income	704,508	628,545

14. Creditors: Amounts Falling Due Within One Year

	2016 £	2015 £
Other taxation and social security	23,431	28,146
Deferred income	26,644	26,678
Accruals	78,412	53,142
	128,487	107,966
	£	
Deferred Income		
Deferred income at 1 January 2016	40,226	
Resources deferred during the year	18,726	
Amounts released from previous years	(26,679)	
Deferred income at 31 December 2016	32,273	

Deferred income consists of subscription income received in advance of £31,523 (2015: £36,868) and meeting fees received in advance of £720 (2015: £3,358), of which £5,630 (2015: £13,548) is shown in amounts falling due after more than one year.

Notes to the Financial Statements

Continued

15. Creditors: Amounts Falling Due After More Than One Year

	2016 £	2015 £
Deferred income	5,630	13,548

16. Statement of Funds

	Brought forward £	Income £	Expenditure £	Gains / (losses) £	Carried forward £
Designated Funds					
Property operating reserve	150,000	-	-	-	150,000
Publications reserve	250,000	-	-	-	250,000
Grants reserve	250,000	-	-	-	250,000
Meetings reserve	100,000	-	-	-	100,000
General Funds					
Accumulated fund	6,900,711	1,449,318	(1,277,476)	1,012,992	8,085,545
Total unrestricted funds	7,650,711	1,449,318	(1,277,476)	1,012,992	8,835,545
Total of funds	7,650,711	1,449,318	(1,277,476)	1,012,992	8,835,545

The property operating reserve is to ensure there are adequate reserves for maintaining the operational property. The publications reserve is to ensure there are adequate reserves for the publication of journals for members. The journals are a core function of the Society and essential to its future stability. The grants reserve is to ensure there are adequate reserves for meeting grant commitments. The meetings reserve is to ensure there are adequate reserves for the Society's scientific meetings.

17. Reconciliation of Net Movement in Funds to Net Cash Flow from Operating Activities

	2016 £	2015 £
Net income for the year (as per Statement of Financial Activities)	1,184,834	58,499
Adjustment for:		
Depreciation charges	1,460	-
(Losses)/gains on investments	(1,012,992)	123,562
Dividends and interest from investments	(180,376)	(223,553)
Increase in debtors	(75,963)	(5,409)
Increase in creditors	12,603	32,268
Net cash used in operating activities	(70,434)	(14,633)

Notes to the Financial Statements

Continued

FOR THE YEAR ENDED 31 DECEMBER 2016

18. Analysis of Cash and Cash Equivalents

	2016 £	2015 £
Cash in hand	355,893	156,574
Total	355,893	156,574

19. Pension Commitments

The Charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable by the Charitable company to the fund and amounted to £24,188 (2015 - £23,807). No contributions were outstanding at the balance sheet date.

10. Operating Lease Commitments

At 31 December 2016 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	Land and buildings		Other	
	2016 £	2015 £	2016 £	2015 £
Not later than 1 year	18,900	11,977	1,273	1,273
Later than 1 year and not later than 5 Years	-	-	1,591	2,864
Total	18,900	11,977	2,864	4,137

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