

Society *for* Applied Microbiology

# 2017 ANNUAL REPORT

OF THE TRUSTEES FOR THE  
YEAR ENDED 31 DECEMBER 2017



**sfam**  
society for  
applied microbiology

# Company Information

## EXECUTIVE COMMITTEE – OFFICERS

PRESIDENT:

**Prof. Mark Fielder**

GENERAL SECRETARY:

**Dr Clare Taylor**

TREASURER:

**Mr Philip Wheat**

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 and 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

## INVESTMENT MANAGER

Brewin Dolphin Securities  
12 Smithfield Street  
London  
EC1A 9BD

The Officers and Ordinary Committee Members are the Trustees and Directors of the Charity

# Trustees Report

for the year ended 31 December 2017

The Trustees (who are also Directors of the Charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Society for Applied Microbiology (the company) for the year ended 31 December 2017. 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), as amended by Update Bulletin 1 (effective 1 January 2016).

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.

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## Objectives and Activities

The object, from the Memorandum and Articles of Association, remains as valid in 2017 as it was when first conceived in 2008. During 2017, the Trustees and staff of the Society met to establish the strategy for the Society for 2018–2021:

### 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

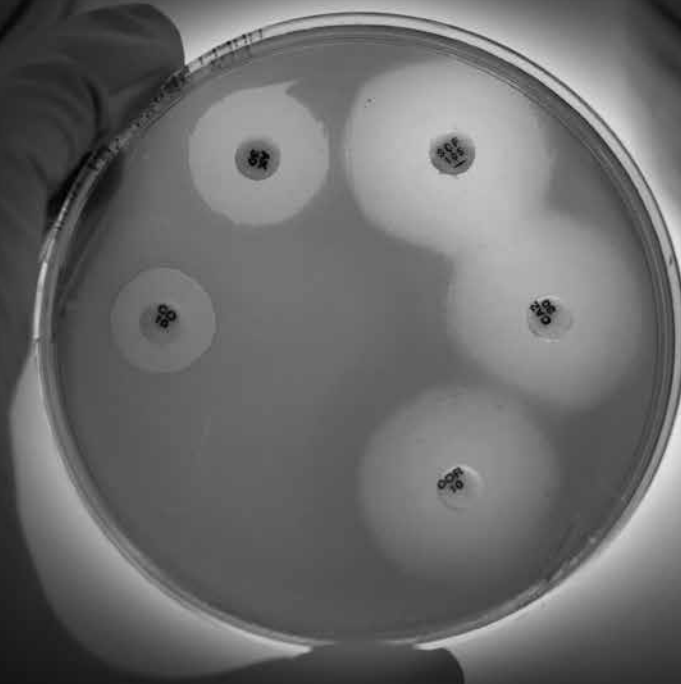
SfAM envisages a future where applied microbiology research and development is strong in the UK and beyond, and the applications of microbiology contribute to addressing significant challenges facing humanity, including infectious diseases; the changing environment; sustainability of energy, food, water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

### Mission

SfAM will achieve this by being the voice of 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.

### Values

Our values include equality, diversity and inclusivity, collaboration to amplify impact, scientific integrity, evidence-based decision-making and political neutrality – recognizing that microbiology doesn't observe geographical borders. All of these are fundamental values which will run through all future activity.



## Main Activities – Objectives

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 6 to 20. 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).

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 utilizing 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 are described on page 6. The Society's *Environmental Microbiology* (EMI) and *Journal of Applied Microbiology* (JAM) lectures enable the Society to recognize 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.

The outcomes from the Membership Review, which took place in 2016, were rolled out during 2017. The main objective of all changes to membership categories was to encourage a more engaged membership. The results of this project are described on page 7.

The Society continued to engage with members and non-members via social media channels and our engagement statistics for this year are described on page 7.

During 2017, a decision was taken to provide the *Microbiologist* magazine in electronic format for 2018 onwards in line with technological developments in the publishing sector. This approach also enables the Society to ensure it is using resources appropriately.

2017 saw the launch of the Society's new Policy Subcommittee. Chaired by General Secretary, Clare Taylor, and including expert input from Andrew Miller, the group have provided invaluable

input to all the Society's proactive and reactive policy work. The outputs from this work are described on pages 9 to 11.

The events calendar for 2017 saw one-day scientific meetings on the topical subjects of '*Vaccines and Human Health*' and '*The Microbiome and Human Health*'. The former incorporated the first Denver Russell Memorial Lecture which was given by Philip Minor on the subject of '*Polio eradication: the endgame*'. The Society ran a two-day scientific meeting on AMR, that was held in collaboration with the Royal Society of Chemistry and the Association of Pharmaceutical Sciences. This event also incorporated the second Denver Russell Memorial Lecture, which was given by Neil Woodford on '*Hopes, Hypes and multivallate defences against AMR*'.

This year, our summer conference was replaced by the Annual Applied Microbiology Conference and took place at the Baltic Centre in Gateshead, on the theme of New Insights into Food Safety. For the first time, the Society supported the attendance of an artist in residence who was commissioned to create a piece of work inspired by the contents of the conference. This will be developed and completed throughout 2018. 2017 also saw the Society participate in the inaugural 'Society Day' at the American Society of Microbiology (ASM) Congress in New Orleans on the theme of the Microbiome.

A review of our Grants provision took place in 2016 and this saw changes in line with changes in the sector and the results of this review are described on page 13.

The Society continued to strongly support Early Career Scientist (ECS) members through the ECS Committee. In 2017, the ECS Committee celebrated 10 years of activity and input to the Society's work. The group adeptly organized a one-day interactive workshop on Bioinformatics and provided strong networking and targeted training at the Annual Conference. This group were also supported to participate in the ASM Society Day, giving members the opportunity to present and promote their work on an international stage.

# Achievements and Performance

## Journals

A new Editorial board structure for JAM and *Letters in Applied Microbiology* (LAM) was introduced during 2017. The journals are now run by the Chief Editors Arthur Gilmour and Jean-Yves Maillard who are assisted by four senior Editors. Their role is to:

- work closely with the Editorial team, SfAM and the publisher to shape the editorial strategy and direction of the journals
- proactively promote the journals amongst their peers with the objective of attracting top quality original submissions

- attend a senior Editors' meeting in person once a year (alongside the existing Editorial Board meeting) and another 'virtual' meeting (Skype/teleconference) once a year
- work with the Chief Editors to plan and scope special or themed journal issues

We are delighted to report that Albert Bosch (Spain), Olivier Braissant (Switzerland), Joseph Flaherty (USA) and Charlene Jackson (USA) have each taken up the role.

In addition, Phil Collier was appointed into the role of 'Reviews Editor' to commission review articles to the journals.

During 2017, the journals achieved the following:

JOURNAL	IMPACT FACTOR	DOWNLOADS (000) n (% increase since 2016)	OPEN ACCESS ARTICLES (n) 2017 (2016)
JOURNAL of APPLIED MICROBIOLOGY	2.099	1,682 (22)	14 (8)
LETTERS in APPLIED MICROBIOLOGY	1.575	711 (23)	5 (1)
ENVIRONMENTAL MICROBIOLOGY	5.395	741 (4)	50 (46)
ENVIRONMENTAL MICROBIOLOGY REPORTS	3.363	112 (3)	5 (11)
MICROBIAL BIOTECHNOLOGY	3.513	309 (42)	248 (85)

The EMI lecture in 2017 was given by Professor Rino Rappuoli (GlaxoSmithKline). His lecture was entitled '*Vaccines for a 21st century society*'.

The JAM lecture in 2017 was given by Koen Venema (Beneficial Microbes Consultancy and Maastricht University). His lecture was entitled '*The Gut Microbiota in Health and Disease: Potential for Probiotics and Prebiotics*'.

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.

We look forward to celebrating the 10th and 20th anniversaries of EMI and *Environmental Microbiology Reports* (EMIR) in 2018.



# Achievements and Performance

continued

## Membership, Marketing and Communications

The Society's membership in 2017 was 2501:

Full (779), International (998), Early Career Scientist (509), Associate (43), Corporate (18), Life (155).

The changes in membership category resulted in a 77% decrease in non-paying members, accompanying only a 1% decrease in total membership.

Engagement via the website and social media channels increased during 2017 with an audience including the general public and other relevant organizations:

- Facebook increased from 31,131 to 33,855 (9%)
- Twitter increased from 8,776 to 13,200 (50%)
- LinkedIn increased from 4,798 to 5,552 (16%)
- The SfAM website continued to attract a large audience of 45,685 unique visitors in 2017 (43,832 in 2016)

In terms of engagement with our own members, the 38% open rate for meetings emails (35% in 2016) and 52% open rate for the membership renewal gift email (45% in 2016) are both well above the industry standard rate for opening email newsletters.

*Microbiologist* has developed this year and the Trustees took the decision to move away from print, and make the magazine primarily an electronic publication from 2018 onwards. This will provide greater flexibility, enabling content to be available across a variety of platforms and media.



The blog for news stories continued to be a great success, with 37 blog posts covering a plethora of applied microbiology and Society topics, with the following highlights:

TITLE	NUMBER OF VIEWS
10 Tips for Poster Writing	525
Leptospirosis hits Puerto Rico – but what is it?	449
Pollen has a Microbiome!	445
2017 EMI Lecture by Rino Rappuoli – blog and video	378

## Achievements and Performance

continued

The Society continued to proactively engage with the media via the Science Media Centre (SMC) on appropriate topics. Members have continued to promote the Society where possible when approached by the media.

HEADLINE	PUBLICATION	MEMBER
Athletes need coaching in the kitchen too Chemotherapy patients may be falling ill because they aren't aware of food poisoning risks Your fridge might not be cold enough to keep food safe	The Conversation	Ellen Evans
Gut bacteria 'boost' cancer therapy	BBC	Mark Fielder
Deep-sea Sponges: Home to the next generation of antimicrobials?	Pharmaceutical Processing	Matthew Koch
Groundbreaking new way of fighting antibiotic-resistant bacteria discovered by scientists	The Independent	Clare Taylor
Enterprise: game on	Nature	Carla Brown
Forget outdoor pollution – it's the air in your HOME that is ruining your lungs	Daily Mail	Mark Fielder

An SfAM Member, Dr Charlotte Warren-Gash was supported by the Society as a British Science Association Media Fellow. This enabled her to work at the BBC Radio Science unit to gain valuable experience and create content for BBC world service HealthCheck.

The Society also engaged the general public with our 'Heroes and Villains' public engagement quiz. This was exhibited at science events and shows including Lambeth Country Show and Science Museum Lates, alongside other Learned Societies under the Royal Society of Biology's 'Biology Big Top' banner.

# HEROES & VILLAINS





# Achievements and Performance

## continued

### Policy and Public Affairs

2017 saw the inaugural meeting of the Policy Subcommittee, a group tasked with providing expertise and direction to the Society's proactive and reactive policy work. Training was provided to this Subcommittee, as well as the Executive Committee, to address the varying levels of science policy knowledge. Andrew Miller presented the parliamentary perspective and Claudia Lally from the Government Office for Science discussed the role of Government, and provided a mock SAGE (Scientific Advisory Group for Emergencies) panel workshop. The Policy Subcommittee has been a productive group, enabling the Society to increase its policy output.

One year on from the UK's EU referendum, a survey of the Society's membership was conducted to gather information on members' views and priorities. In total, 205 responses were received between 2 May and 22 May 2017 (9% of total membership [2,396 at the time]). The responses have informed the Society's policy work and collaborative work with partner organizations. The Society also contributed towards the employment of a Policy Officer at CaSE to tackle Brexit-related issues that impact on science.

During 2017, the Society contributed to the following consultations:

MONTH	ORGANIZATION	CONSULTATION TOPIC	ACTION
JAN	UK Parliament House of Commons Science & Technology Select Committee	Genomics & genome editing	Joint SfAM/Microbiology Society response (led by SfAM)
MAR	UK Biotechnology and Biological Sciences Research Council	Food security strategy	Member comments conveyed during a workshop
MAR	UK Government Department of Business, Energy & Industrial Strategy	Bioeconomy strategy	Minor contribution to RSB response
APR	UK Government Department of Business, Energy & Industrial Strategy	Industrial strategy green paper	Minor contribution to RSB response
APR	UK Parliament House of Commons Science & Technology Select Committee	Research integrity	Minor contribution to RSB response
OCT	UK Biotechnology and Biological Sciences Research Council	Strategy on Biotechnology and Biological Science	Individual response from SfAM
SEPT	UK Government Department for Environment, Food & Rural Affairs and the UN Convention on Biological Diversity	Nagoya Protocol & digital sequence information	Individual response from SfAM
SEPT	UK Parliament House of Lords Science & Technology Select Committee	Life sciences industrial strategy	Medium contribution to RSB response
DEC	UK Government Migration Advisory Committee	International students: economic & social impacts	Minor contribution to CaSE response

## Achievements and Performance

continued

The Society also formed a Technical Advisory Group to respond to consultations from the UK Standards in Microbiology Investigations (UK SMI) and submitted responses to the following consultations:

- UK SMI V 4: Investigation of hepatitis B infection, third consultation (June)
- UK SMI Q 4: Good practice when performing molecular amplification assays (September)
- UK SMI B 15: Investigation of bile (August)

Updates were made to the Society's position statements on:

- Equality and Diversity
- Antimicrobial Resistance

### Learned Societies Partnership on Antimicrobial Resistance (LeSPAR)

The Society coordinated the work of LeSPAR during 2017, which culminated in a workshop on diagnostic R&D for Early Career Researchers, led by SfAM and the Royal Society of Chemistry. Over 70 delegates attended and a post-event survey had a 36% response rate, with 95% of responses rating the workshop as *excellent or above average*. A report of the meeting is available on the Society website.

### Nagoya Protocol

Throughout 2017, the Society has been working with sister societies to promote awareness of Access and Benefit Sharing (ABS) legislation. This has taken place predominantly through published material (newsletters, blogs). Links have also been established with Defra and Regulatory Delivery, the body responsible for enforcement of ABS regulation, who provide regular updates and are a useful conduit through which our concerns may be heard.

### UK Plant Microbiome Initiative

The Society sponsored the launch of the UK Plant Microbiome Initiative by CABI and Rothamsted Research in April. The Initiative broadly seeks to act as a 'network of networks', bringing together academia, institutions, funders and industry to leverage the UK's strengths in research and industry, and to inform future policy and collaboration.

# Achievements and Performance

continued

During 2017, the Society was represented on the following external committees and groups:

COMMITTEE	SfAM REPRESENTATIVE
FEDERATION of MICROBIOLOGICAL SOCIETIES	Clare Taylor
PARLIAMENTARY and SCIENTIFIC COMMITTEE	Mark Fielder
ROYAL SOCIETY of BIOLOGY: PARLIAMENTARY STEERING GROUP	Chris Brown / Lucy Harper
ROYAL SOCIETY of BIOLOGY: STRATEGIC PARTNERSHIP GROUP	Lucy Harper
ROYAL SOCIETY of BIOLOGY: DIVERSITY & INCLUSION WORKING GROUP	Chris Brown
CaSE – JOINT FUNDERS GROUP	Chris Brown
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
MICROBIOLOGY in SCHOOLS ADVISORY COMMITTEE	Linda Thomas
BRITISH STANDARDS INSTITUTE TECHNICAL COMMITTEES: - Aw/9 Microbiology - Microbiological Methods - CH212 Chemical disinfectants and antiseptics panel	Sue Passmore Sue Passmore John Rigarlsford

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

- Royal Society of Biology
- Federation of Microbiological Societies
- European Federation of Biotechnology
- CaSE
- Sense About Science
- Science Media Centre
- Foundation for Science and Technology
- ASM
- CARA
- Science Policy Advisors Network
- LeSPAR

# Achievements and Performance

continued

## Events

The Society ran the following events during 2017:

TOPIC	NUMBER OF DELEGATES	ADDITIONAL OUTPUT
VACCINES AND SYNTHETIC BIOLOGY	75	
DENVER RUSSELL MEMORIAL LECTURE 1: Polio eradication: the end game	60	
THE MICROBIOME and HUMAN HEALTH	85	
ANNUAL CONFERENCE – New insights into food safety	181	
ASM SOCIETY DAY – The Microbiome	43	Strategic partnership with ASM
AMR – Resistance in wastewater AMR – Novel therapeutics and drug discovery	120	Update to the Society's position statement on AMR.
DENVER RUSSELL MEMORIAL LECTURE 2: Hopes, Hypes and multivallate defences against AMR	100	
ECS RESEARCH SYMPOSIUM	86	

Our delegates came from a wide variety of universities, institutions, government organizations and industry. At each of the Society's events, delegates are provided with the opportunity to network, create new and cement existing collaborations.



# Achievements and Performance

continued

## Grants and Awards

The Society's grants offering underwent a review during 2016 which was implemented in 2017. The most valuable SfAM award is the PhD studentship. 2017 saw the second such PhD studentship begin: 32 applications

were received and the successful candidate, Matthew Koch, was appointed. His project is entitled: *'Deep sea sponges – home to next generation of antimicrobials?'*

GRANT	MAXIMUM AWARD PER GRANT (£)	NUMBER OF APPLICATIONS IN 2017	NUMBER AWARDED IN 2017	NUMBER DECLINED
REGISTRATION FEES GRANT	300	28	17	11
PRESIDENT'S FUND	1,200	70	49	21
STUDENTS INTO WORK	2,500	37	32	5
CAREGIVER SUPPORT GRANT	300	2	1	1
NEW LECTURER RESEARCH GRANT	10,000	14	3	11
ANNUAL CONFERENCE STUDENTSHIPS	n/a	27	23	4
CONTINGENCY-EMERGENCY FUND	3,000	3	2	1
INTERNATIONAL CAPACITY BUILDING FUND	n/a	4	1	3
EVENT SUPPORT GRANT (MEETING)	2,000	7	7	0
EVENT SUPPORT GRANT (LECTURE)	300	3	3	0
PHD STUDENTSHIP	67,251	20	1	19
RESEARCH SUPPORT GRANT	n/a	3	1	2
MICROBIOLOGY OUTREACH GRANT	3,000	19	6	13
e-AFFILIATE BURSARY	n/a	0	1	0
<b>TOTAL</b>		<b>237</b>	<b>147</b>	<b>91</b>

## W. H. Pierce Prize winner

The most prestigious SfAM award is the W. H. Pierce Prize, presented by Thermo Fisher Scientific to a microbiologist who has made a substantial contribution to applied microbiology. In 2017, the award was presented to Professor Brendan Gilmore.

On receipt of his award, Brendan presented a fascinating insight into his work, entitled: *'Controlling Biofilms: Probing the Future, Mining the Past'* at the Society's Annual Conference held at the Baltic Centre in Gateshead.



# Financial Review

During 2017, the Society purchased a 7.2% share of Charles Darwin House Ltd at a cost of £1.6m. This was achieved through the disposal of shares of two of the co-owning organizations in the following proportions: 1% by the Royal Society of Biology and 6.2% by the Biochemical Society. The purchase was completed on 12 May 2017.

## Surplus

The Society made a surplus of £639K in 2017 after crediting investment gains of £291K and net assets were £9.475M at 31 December 2017. 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 £247K worth of grants in 2017 and benefited from the large subsidy provided for meetings.

## Investment Policy and Performance

The Trustees' main objective for the Society's investments is to seek a combination of income and capital growth over the long term (>10 years). In addition, the level of income generated should be sufficient to support the essential services of the Society for at least 6 months in the event of a catastrophic fall in the main source of income, the Society's publications. The Trustees have delegated the day-to-day management of the investment portfolio to an investment management company, Brewin Dolphin. The portfolio is managed by a designated senior manager and appropriate staff. The service type provided is discretionary, so if the manager sees opportunities in the market they can be actioned without first seeking Trustee approval. However, all transactions are communicated in a timely manner to the Society headquarters. The investment mandate from the Trustees is for diversified risk which should produce income and growth of capital over an investment time period of 10 years. Staff from Brewin Dolphin provide regular quarterly valuation updates of the investment portfolio, including market commentaries. A member of Brewin Dolphin staff provides verbal presentations on the portfolio's performance to the Society's Finance Subcommittee. The Society's portfolio performance is monitored

against that of a benchmark; in 2017 the Society's portfolio performed slightly worse than the benchmark (Portfolio 6.7%; Benchmark 9.9%) but over the long term (10 years) it performed better (Portfolio 106.8%; Benchmark 91.9%).

The Trustees have a medium risk tolerance for the investment portfolio, where the focus is on risk but also on reward and importantly composure in times of market volatility. The risk category of the investment portfolio is moderate (level 6) and the structure of the portfolio to satisfy this categorization is usually made up of 20% fixed interest products, 67.5% in equity products with the remainder in alternatives and other investment products. A small amount of cash is recommended.

## Reserves Policy

The Society holds total funds of £9.5M of which £7.2M are held in investments for the purpose of income generation and £1M in fixed assets leaving £1.3M as "free" reserves for operational purposes. The Society's Trustees have calculated that a level of £1.5M would allow the Society to operate and deliver its charitable activities for 12 months. In the event of loss of income from scholarly publishing, which comprises 80% of the Society's revenue, holding this level of reserves would allow the Society to undertake a managed approach to decreasing expenditure, as well as providing time to invest in future income-generating activity. There are no designated or restricted funds. This policy is intended to provide a sufficient buffer without accumulating unnecessary levels of reserves.

## 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

## Constitution

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 and the registered charity number is 1123044. 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.

## Organizational Structure and Decision-Making

The Society is governed by the Executive Committee consisting of 13 members. Of these, from July 2017 four members are Officer positions (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, Policy, Remuneration and Grants.

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 Days during which Trustees consider and decide upon the future direction of the Society. One of these took place in September 2017 and the resulting strategy is described on pages 17 to 19. All salaries are benchmarked to the industry and sector standard.

In 2017, there was one change to the membership of the Executive Committee (EC), which comprises the Officers and Committee members, who together are the Trustees of the Society. President, Professor Christine Dodd stepped down and Professor Mark Fielder was appointed. The Trustees would like to thank Professor Dodd for her hard work as President during a challenging period of change for the Society.

## Operations

2017 was a year of consolidation for the Society with the team settling into their new roles at the Society headquarters at Charles Darwin House (CDH) in London. The Society purchased a share of CDH Ltd during 2017 and benefits from a shared HR function within the building alongside co-owning organizations at CDH.

There were three changes to the staff team during 2017, with Rosie Stevens taking a communications position at King's Neuroscience Centre. Luwam Mekonen replaced her as Membership and Marketing Officer. The Trustees of the Society would like to thank Rosie for her hard work and contribution to the Society.

In addition, the Society appointed Laura Lincoln as Events Manager, bringing this function of the Society in-house. The Society also appointed a Business Technology Manager, Abraham Glover, into a shared post with the Biochemical Society.

## Method of Appointment or Election of Trustees

The management of the company is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

# Structure, Governance and Management

continued

## Pay Policy for Senior Staff

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 which conflict of interest arises.

The pay of the Chief Executive is reviewed annually by the Remuneration Committee which comprises the Officers and the HR manager. A full benchmarking exercise of all staff roles was carried out during 2017.

## 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. The Trustees consider the major risks to the Society to be a decrease in revenue due to changes in the publishing landscape, specifically concerning open access publishing, which could threaten the Society's ability to carry out its charitable objectives.

## Information on Fundraising Practices

The Society does not raise funds from the public or from institutional donors.

## Plans for the Future

In September, the Trustees, staff and Chief Editors of JAM and LAM attended a Strategy Day and agreed the following strategy, for 2018–2021:

The following were identified as strong strategic themes:

**1: Impact**

**2: Voice**

**3: Sustainability**

Under each theme are listed the organizational aims within each theme. To demonstrate we're having an impact we will organize our output in the form of self-contained **projects/campaigns**, each with their own aims, objectives, events, scientific meetings and communications output. These will focus on our priority areas and the following strategy will underpin each campaign.

# Plans for the Future

continued

## Theme 1: Impact

In an environment where it is becoming increasingly important for scientists to have an impact we will continually support our members throughout their career. Our current strengths, such as the work we do to support early career researchers, will enable us to negate future threats such as skills gaps, to ensure the Society provides relevant career support to academic and non-academic microbiologists and scientists.

### Organizational Aims:

#### AIM 1: ECS SUPPORT

Early career scientists represent the future of applied microbiology. Building on the Society's strong early career scientist (ECS) membership (20% of our members are ECS members), and the exemplar work of our ECS committee, the Society will develop this support and, using our inherent agility, continually adapt and change to reflect current needs.

#### AIM 2: COMMUNITY

We will listen to our entire membership wherever they are and whichever sector they work in, to ensure membership offers them tangible, useful and relevant benefits.

#### AIM 3: INTERDISCIPLINARITY

We are *applied microbiologists*, so to aid researchers' interdisciplinary collaborations, as is increasingly necessary in the current research environment, we will provide support for innovation and fostering of interdisciplinary and inter-sector collaborations. Over time this will position the Society as the go-to organization for academic scientists who are looking to find other academic and corporate/industry connections.

#### AIM 4: MICROBIOLOGY IN THE UK

We will undertake thorough market research into the applied microbiology landscape to assess which institutions, institutes and industry laboratories are researching applied microbiology, whether there are skills gaps and areas which the Society can help to fill. In time this will enable us to position ourselves as

the go-to organization for education and training in applied microbiology techniques, QC and routine laboratory work and relevant non-microbiological areas.

## Theme 2: Voice

The Society has previously had the strapline: *the voice of applied microbiology*. With our increasing participation in policy-relevant work, and our strong communications team, this holds true. We are creating a voice for our membership in Government and Parliament. We also have strong engagement with people via traditional and social media to illustrate just how relevant applied microbiology is to us all. This strategic theme will build on our strengths in these areas and provide focus for our external communications.

### Organizational Aims:

#### AIM 1: POLICY

We will place SfAM, and its membership, as a key conduit for policymakers to access high-quality microbiology advice and evidence, on topics aligned with our vision.

#### AIM 2: COLLABORATION

We shall continue to collaborate with partner organizations and societies as part of a broader representation on behalf of the science and engineering sector.

#### AIM 3: COMMUNICATION

We will promote the **application** of microbiology in all relevant areas – with a particular focus on **our priority areas** – and its impact on all people in everyday life, in an informed, accessible way.

## Theme 3: Sustainability

The Society acknowledges the external threat to a large proportion of its revenue which comes from its valuable scholarly publishing activity, and has created a series of organizational aims and objectives to mitigate this threat.

## Priority Areas/Campaigns

Our focus will be on a number of priority areas over the period of this strategy (2018–2021), to which our themes (Aims, Objectives and Key Performance Indicators) can be applied. Each one is linked to a significant challenge, as described in the Society's vision. And within each priority area we will organize our output in the form of campaigns/projects.



This strategy will inform the direction of the Society's work between 2018 and 2021.



## Trustees' Responsibilities Statement

The Trustees (who are also Directors of the 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 Auditors

Each of the persons who were Trustees at the time when this Trustees' Report was 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

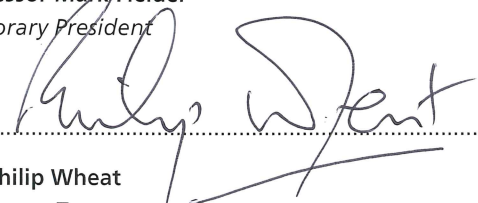
Since the company qualifies as small under section 383, the Strategic Report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

This report was approved by the Trustees, on 19/07/2018

and signed on their behalf by:



**Professor Mark Fielder**  
Honorary President



**Mr Philip Wheat**  
Honorary Treasurer



# Independent Auditors' Report

## to the Members of Society for Applied Microbiology

### Opinion

We have audited the financial statements of Society for Applied Microbiology (the 'charitable company') for the year ended 31 December 2017 set out on pages 23 to 38. 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).

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 2017 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

### 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Use of our Report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditors' 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 opinions we have formed.

### Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorized for issue

### Other Information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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.

In connection with our audit of the financial statements, 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 a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material

# Independent Auditors' Report

to the Members of Society for Applied Microbiology *continued*

misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for which the financial statements are prepared is consistent with the financial statements
- the Trustees' Report has been prepared in accordance with applicable legal requirements

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

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report

## Responsibilities of Trustees

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, 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Financial Statements

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 Auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.



Paul Chapman (Senior statutory auditor) for and on behalf of

Peters Elworthy & Moore

Chartered Accountants, Statutory Auditors, Cambridge

Date: 25<sup>th</sup> July 2018

# Statement of Financial Activities

(incorporating income and expenditure account)

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Unrestricted funds 2017 £000	Total funds 2016 £000
<b>INCOME FROM:</b>			
Charitable activities	2	1,474	1,269
Investments	3	174	180
<b>TOTAL INCOME</b>		<b>1,648</b>	<b>1,449</b>
<b>EXPENDITURE ON:</b>			
Raising funds:			
Voluntary income	4	4	–
Investment management	5	31	35
Charitable activities	6	1,265	1,242
<b>TOTAL EXPENDITURE</b>		<b>1,300</b>	<b>1,277</b>
<b>NET INCOME BEFORE INVESTMENT GAINS/(LOSSES)</b>		<b>348</b>	<b>172</b>
Net gains/(losses) on investments	13	291	1,013
<b>NET INCOME BEFORE OTHER RECOGNIZED GAINS AND LOSSES</b>		<b>639</b>	<b>1,185</b>
<b>NET MOVEMENT IN FUNDS</b>		<b>639</b>	<b>1,185</b>
<b>RECONCILIATION OF FUNDS:</b>			
Total funds brought forward		8,836	7,651
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>9,475</b>	<b>8,836</b>

The notes on pages 26 to 38 form part of these financial statements.

# Balance Sheet

AS AT 31 DECEMBER 2017

	Note	£000	2017 £000	£000	2016 £000
<b>FIXED ASSETS</b>					
Tangible assets	12		<b>1,023</b>		14
Investments	13		<b>7,196</b>		7,895
			<b>8,219</b>		7,909
<b>CURRENT ASSETS</b>					
Debtors	14	<b>883</b>		705	
Cash at bank and in hand		<b>478</b>		356	
		<b>1,361</b>		1,061	
<b>CREDITORS:</b> amounts falling due within one year	15	<b>(105)</b>		(128)	
<b>NET CURRENT ASSETS</b>			<b>1,256</b>		933
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>9,475</b>		8,842
<b>CREDITORS:</b> amounts falling due after more than one year	16		–		(6)
<b>NET ASSETS</b>			<b>9,475</b>		8,836
<b>CHARITY FUNDS</b>					
Unrestricted funds	17		<b>9,475</b>		8,836
<b>TOTAL FUNDS</b>			<b>9,475</b>		8,836

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorized for issue by the Trustees on

and signed on their behalf, by:

.....  
**Professor Mark Fielder**  
*President*

.....  
**Mr Philip Wheat**  
*Treasurer*

The notes on pages 26 to 38 form part of these financial statements.

# Statement of Cash Flows

## FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £000	2016 £000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash used in operating activities	18	(18)	(69)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Dividends and interest from investments		174	180
Movement in cash at investment broker		96	(269)
Purchase of tangible fixed assets		(1,023)	(16)
Proceeds from sale of investments		1,853	3,552
Purchase of investments		(960)	(3,178)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		<b>140</b>	<b>269</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>		<b>122</b>	<b>200</b>
Cash and cash equivalents brought forward		356	156
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	19	<b>478</b>	<b>356</b>

The notes on pages 26 to 38 form part of these financial statements.

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

## 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.

The Society for Applied Microbiology meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognized 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.

### 1.5 INCOME

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

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

Income for meetings and conferences is recognized in the period that the meeting takes place. Income received in advance is included in deferred income.

Dividends are recognized 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.



# Notes to the Financial Statements

## continued

Income tax recoverable in relation to investment income is recognized at the time the investment income is receivable.

### 1.6 EXPENDITURE

Expenditure is recognized 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. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognized as expenditure when the conditions attaching 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.

All expenditure is inclusive of irrecoverable VAT.

### 1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognized as impairments. Impairment losses are recognized in the Statement of Financial Activities incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. 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:

Freehold property	–	2% straight line
Fixtures & fittings	–	20% straight line
Office equipment	–	20% straight line

### 1.8 FINANCIAL INSTRUMENTS

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognized at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortized cost using the effective interest method.

# Notes to the Financial Statements

continued

## FOR THE YEAR ENDED 31 DECEMBER 2017

### 1.9 INVESTMENTS

Fixed asset investments, including listed investments and investment properties are a form of financial instrument and are initially recognized at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realized or unrealized, are combined and shown in the heading 'Gains/ (losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

### 1.10 REALIZED GAINS AND LOSSES

All gains and losses are taken to the Statement of Financial Activities as they arise. Realized 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. Unrealized gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realized and unrealized 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 recognized 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 3 months or less from the date of acquisition or opening of the deposit or similar account.

### 1.14 LIABILITIES AND PROVISIONS

Liabilities are recognized 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 recognized at 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 recognized 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 recognized in the Statement of financial activities incorporating income and expenditure account.

# Notes to the Financial Statements

continued

## 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.

## 2. Income from Charitable Activities

	Unrestricted funds 2017 £000	Total funds 2016 £000
Journals and other publications	1,367	1,160
Subscriptions from members	53	56
Meetings and conferences	49	47
Other income	5	6
	<b>1,474</b>	<b>1,269</b>
Total 2016	1,269	

## 3. Investment Income

	Unrestricted funds 2017 £000	Total funds 2016 £000
Investment income-listed investments	174	180
Total 2016	180	

## 4. Costs of Raising Funds

	Unrestricted funds 2017 £000	Total funds 2016 £000
Investment property costs	4	—

# Notes to the Financial Statements

continued

FOR THE YEAR ENDED 31 DECEMBER 2017

## 5. Investment Management Costs

	Unrestricted funds 2017 £000	Total funds 2016 £000
Investment manager's fees	31	35
Total 2016	35	

## 6. Analysis of Expenditure by Activities

	Activities undertaken directly 2017 £000	Grant of funding activities 2017 £000	Support and governance costs 2017 £000	Total 2017 £000	Total 2016 £000
Meeting & conference expenses	284	–	207	491	515
Journal costs	50	–	94	144	162
Publication expenses	93	–	94	187	174
Grants and studentships	–	247	–	247	213
Member subscriptions	–	–	196	196	178
Total 2017	427	247	591	1,265	1,242
Total 2016	510	213	519	1,242	

## 7. Analysis of Grants

	Grants to institutions 2017 £000	Grants to individuals 2017 £000	Total 2017 £000	Total 2016 £000
Grants and studentships	12	235	247	213

In 2017, four grants were made to institutions (2016: 4) and 148 grants to individuals (2016: 165).

# Notes to the Financial Statements

continued

## 8. Direct Costs

	Meeting and conference costs £000	Journal costs £000	Publication expenses £000	Total 2017 £000	Total 2016 £000
Vaccines meeting	21	–	–	21	13
Annual Conference	92	–	–	92	114
Other meetings	111	–	–	111	147
Journal provision	–	50	–	50	78
<i>Microbiologist</i>	–	–	72	72	73
Promotion	31	–	–	31	31
Other publications	–	–	21	21	17
President's Dinner	20	–	–	20	25
Microbiomes meeting	9	–	–	9	12
Subtotal	284	50	93	427	509
Other direct costs	–	–	–	–	1
	284	50	93	427	510
Total 2016	342	78	90	510	

## 9. Support Costs

	Meeting and conference costs £000	Journal costs £000	Publication expenses £000	Membership subscription £000	Total 2017 £000	Total 2016 £000
Professional fees	5	3	3	6	17	2
CRM	7	–	–	9	16	13
Office	48	23	23	47	141	116
Accountancy	12	6	6	12	36	34
Relocation costs	–	–	–	–	–	16
Committee meetings	7	4	4	8	23	18
Wages and salaries	91	46	46	91	274	270
National insurance	10	5	5	10	30	25
Pensions	13	7	7	13	40	24
Depreciation	14	–	–	–	14	1
	207	94	94	196	591	519
Total 2016	173	84	84	178	519	

# Notes to the Financial Statements

continued

FOR THE YEAR ENDED 31 DECEMBER 2017

## 9. Support Costs continued

Included within support costs are governance costs amounting to £67,760 (2016: £52,604). This comprises Accountancy fees of £36,354, Committee meeting costs of £23,431 and other governance costs of £7,975.

## 10. Net Income/(Expenditure)

	2017 £000	2016 £000
This is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the charity	14	1
Auditors' remuneration	9	8
Auditors' remuneration - non-audit services	28	26

Non-audit services for the charity includes tax advisory work of £3,465 (2016: £5,175) and other financial services £24,049 (2016: £20,795).

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

	2017 £000	2016 £000
Staff costs were as follows:		
Wages and salaries	274	270
Social security costs	30	25
Other pension costs	40	24
	<b>344</b>	<b>319</b>

	2017 No.	2016 No.
--	-------------	-------------

The average number of persons employed by the company during the year was as follows:	7	5
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	2017 No.	2016 No.
The number of higher paid employees was:		
In the band £80,001 - £90,000	1	1

\* = Included within the 2016 banding above is a one-off disturbance allowance of £6,506.



# Notes to the Financial Statements

## continued

The charitable company considers its key management personnel comprise the Trustees and the Chief Executive. During the year, no Trustees received any remuneration (2016: £NIL).

The total employment benefits including employer national insurance and employer pension contributions of the key management personnel were £102,934 (2016: £103,203).

Thirteen (2016: 12) Trustees received reimbursement of expenses amounting to £17,738 (2016: £14,370). 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 no redundancy costs (2016: £48,298) that have been funded out of unrestricted reserves.

## 12. Tangible Fixed Assets

	Freehold property £000	Fixtures and fittings £000	Office equipment £000	Total £000
<b>COST</b>				
At 1 January 2017	–	15	45	60
Additions	1,023	–	–	1,023
At 31 December 2017	1,023	15	45	1,083
<b>DEPRECIATION</b>				
At 1 January 2017	–	8	38	46
Charge for the year	9	2	3	14
At 31 December 2017	9	10	41	60
<b>NET BOOK VALUE</b>				
At 31 December 2017	1,014	5	4	1,023
At 31 December 2016	–	7	7	14

Included in freehold property is land worth £340,700 (2016: £nil) which has not depreciated.

The Society has purchased a 7.2% interest in Charles Darwin House Properties. The operational proportion of this property is accounted for as freehold property at cost less accumulated depreciation. The non-operational proportion is accounted for as investment property (see note 13).

# Notes to the Financial Statements

continued

FOR THE YEAR ENDED 31 DECEMBER 2017

## 13. Fixed Asset Investments

	Listed securities £000	Investment cash £000	Investment property £000	Total £000
<b>MARKET VALUE OF LISTED INVESTMENTS</b>				
At 1 January 2017	7,618	277	–	7,895
Additions	376	–	584	960
Disposals at opening market value (Proceeds: £1,852,644)	(1,849)	–	–	(1,849)
Revaluations	286	–	–	286
Movement in cash held at investment broker	–	(96)	–	(96)
At 31 December 2017	6,431	181	584	7,196
<b>HISTORICAL COST</b>	4,879	181	584	5,644

### 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 recognized 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. 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 recognized 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 5 year period will normally be corrected.

### INVESTMENT IN UNLISTED ENTITIES

The Society owns a 7.2% investment in Charles Darwin House Ltd, a private company formed to manage the Charles Darwin House Properties in which the Society holds a proprietary share. The shareholding represents a value of £62 and is accounted for as a fixed asset investment at cost less impairment.

# Notes to the Financial Statements

continued

## 14. Debtors

	2017 £000	2016 £000
Prepayments	55	56
Accrued income	828	649
	<b>883</b>	<b>705</b>

## 15. Creditors: Amounts Falling Due Within One Year

	2017 £000	2016 £000
Other taxation and social security	49	23
Deferred income	22	27
Accruals	34	78
	<b>105</b>	<b>128</b>

£000

### DEFERRED INCOME

Deferred income at 1 January 2017	<b>33</b>
Resources deferred during the year	<b>16</b>
Amounts released from previous years	<b>(27)</b>
Deferred income at 31 December 2017	<b>22</b>

Deferred income consists of subscription income received in advance of £22,553 (2016: £31,523) and meeting fees received in advance of £nil (2016: £720), of which £309 (2016: £5,630) is shown in amounts falling due after more than one year.

## 16. Creditors: Amounts Falling Due After More Than One Year

	2017 £000	2016 £000
Deferred income	–	6

# Notes to the Financial Statements

continued

FOR THE YEAR ENDED 31 DECEMBER 2017

## 17. Statement of Funds

STATEMENT OF FUNDS - CURRENT YEAR	Balance at 1 January 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (losses) £000	Balance at 31 December 2017 £000
<b>DESIGNATED FUNDS</b>						
Property operating reserve	150	–	–	(150)	–	–
Publications reserve	250	–	–	(250)	–	–
Grants reserve	250	–	–	(250)	–	–
Meetings reserve	100	–	–	(100)	–	–
	750	–	–	(750)	–	–
<b>GENERAL FUNDS</b>						
Accumulated fund	8,086	1,648	(1,300)	750	291	9,475
Total unrestricted funds	8,836	1,648	(1,300)	–	291	9,475
Total of funds	8,836	1,648	(1,300)	–	291	9,475

STATEMENT OF FUNDS - PRIOR YEAR	Balance at 1 January 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (losses) £000	Balance at 31 December 2016 £000
<b>DESIGNATED FUNDS</b>						
Property operating reserve	150	–	–	–	–	150
Publications reserve	250	–	–	–	–	250
Grants reserve	250	–	–	–	–	250
Meetings reserve	100	–	–	–	–	100
	750	–	–	–	–	750
<b>GENERAL FUNDS</b>						
Accumulated fund	6,901	1,449	(1,277)	–	1,013	8,086
Total unrestricted funds	7,651	1,449	(1,277)	–	1,013	8,836
Total of funds	7,651	1,449	(1,277)	–	1,013	8,836

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. These designated funds will no longer be used from 2018 onwards. The meetings reserve is to ensure there are adequate reserves for the Society's scientific meetings. The transfers from designated to general funds represents a decision by management of the charity that separate designation of these reserves is no longer required.

# Notes to the Financial Statements

continued

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

	2017 £000	2016 £000
Net income for the year (as per Statement of Financial Activities)	639	1,185
<b>Adjustment for:</b>		
Depreciation charges	14	2
Revaluation gains on investments	(290)	(1,013)
Dividends, interest and rents from investments	(174)	(180)
Increase in debtors	(178)	(76)
(Decrease)/increase in creditors	(29)	13
<b>Net cash used in operating activities</b>	<b>(18)</b>	<b>(69)</b>

## 19. Analysis of Cash and Cash Equivalents

	2017 £000	2016 £000
Cash in hand	478	356
<b>Total</b>	<b>478</b>	<b>356</b>

## 20. 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 £40,455 (2016: £24,188). No contributions were outstanding at the Balance Sheet date.

# Notes to the Financial Statements

continued

FOR THE YEAR ENDED 31 DECEMBER 2017

## 21. Operating Lease Commitments

At 31 December 2017 the total of the charity's future minimum lease payments under non-cancellable operating leases was:

	2017 £000	2016 £000
<b>LAND AND BUILDINGS:</b>		
Within 1 year	–	19
<b>OTHER:</b>		
Within 1 year	1	1
Between 1 and 5 years	–	2
<b>Total</b>	<b>1</b>	<b>3</b>

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