

Society for Applied Microbiology

ANNUAL REPORT

OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

2018 Annual Report



Company information

TRUSTEES

PRESIDENT:

Professor Mark Fielder

GENERAL SECRETARY:

Dr Clare Taylor

MEETINGS SECRETARY:

Professor Ian Feavers

TREASURER:

Mr Philip Wheat

(until 23 October 2018)

Dr Tim Aldsworth

Dr Linda Thomas

Mrs Claire Hill

Dr Mike Dempsey

Dr Simon Gould

Professor Stephen Forsythe

Professor Sally Cutler

(appointed 11 July 2018)

Dr Elaine Cloutman-Green

(appointed 11 July 2018)

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CHARITY REGISTERED NUMBER

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COMPANY SECRETARY and CHIEF EXECUTIVE

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The Officers and Ordinary Committee Members are the Trustees of the Charity and Directors of the Company Ltd by Guarantee

Trustees' report

for the year ended 31 December 2018

The Trustees present their Annual Report together with the audited financial statements of the company for the year 1 January 2018 to 31 December 2018. 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).

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 Society formulated a strategy for the three years from 2018–2021:

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 - recognising that microbiology doesn't observe geographical borders. All of these are fundamental values, which will run through all future activity.

The following were identified as strong strategic themes:

Theme 1: Impact

Theme 2: Voice

Theme 3: Sustainability

Under each theme the Society identified clear organisational aims and objectives, and following this, key performance indicators and deadlines for reaching these indicators.

To demonstrate we're having an impact we organise our output in the form of self-contained projects/ campaigns, each with their own aims, objectives, events, scientific meetings and communications output. Each campaign or project will focus on our priority areas.



Aims and objectives

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. Within this theme of 'Impact', SfAM set four organisational aims:

AIM 1: EARLY CAREER SCIENTIST (ECS) SUPPORT

Early career scientists represent the future of applied microbiology. Building on the Society's strong ECS membership (22% 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 organisation 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 that the Society can help to fill.

In time this will enable us to position ourselves as the go-to organisation 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.

Within this theme of 'Voice', we have three organisational 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 organisations 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.

Aims and objectives

continued



Our focus will be on three or four priority areas over the period of this strategy (2018–2021)

Theme 3: Sustainability

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

Strategic priority areas

Our focus will be on three or four 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.

Within each priority area we will organise our output in the form of campaigns/projects.

During 2018, the following campaigns and projects were agreed by the Executive Committee:

1. **The microbiome** – a public engagement project targeting a variety of audiences.
2. **Microbiology is diverse** – a practical framework to inform all core activities of the Society.
3. **AMR** – a series of activities to promote and continue awareness of the importance of AMR.
4. **The future of food safety** – a policy project tackling various aspects of food safety and the potential impact of Brexit. This project will launch during 2019.

Aims and objectives

continued



Activities and achievements

Governance

Underpinning each of our strategic aims and objectives has been a thorough governance review, which began in March 2018. This review provided key recommendations for the Society to ensure openness and transparency in the way we operate. These recommendations will also increase efficiency in decision-making and encourage active trustee engagement. They will be implemented throughout 2019 and beyond.

Diversity and inclusion

In line with the values of the Society, the Executive Committee agreed to implement a diversity and inclusion action plan, identifying opportunities to better support all our members and the wider microbiology community. In addition, at each Executive Committee meeting and all subcommittee meetings, diversity and inclusion will be a primary consideration enabling it to become entrenched in all aspects of our work.

The Society also contributed to support for the whole scientific community, through the activities of partner organisations:

- SfAM sponsored an 'Athena SWAN biosciences best practice workshop', held in March by the Royal Society of Biology, alongside the British Pharmacological Society, the Biochemical Society and The Physiological Society.

- SfAM was also the first biology-related learned society to provide support for the newly-formed All-Party Parliamentary Group on Diversity and Inclusion in STEM, an initiative of the British Science Association.

Impact

EARLY CAREER SCIENTIST (ECS) SUPPORT

The Society continues to support and benefit from the work of the ECS Committee. This motivated and committed group of early career researchers organised the 2018 ECS Research Symposium in the elegant Great Hall at the University of Birmingham. The theme was 'Epidemiology and infection control' and this event featured the Society's first Policy Corner, where delegates engaged in a 'dotmocracy' vote and asked questions about our policy work.

In March, SfAM also continued its representation at the 'Voice of the future' event in UK Parliament, through the superb efforts of members Yvonne Adebola, Lucky Cullen, Melissa Fallon and Jacob Hamilton.

Throughout the Summer, SfAM also hosted member Lucas Walker for a 3-month internship, where he led



Activities and achievements

continued

on the development of our marine microbiome policy briefing. Lucas is now a member of the ECS Committee.

ECS Committee members have continued to play a key role in the work of the Society, providing contributions to Executive Committee meetings, as well as those of the Meetings and Policy subcommittees. The ECS also continue to contribute to the networking and social programme of the Annual Conference, providing a friendly, professional environment for students to network and engage with one another. This group were key to the success of the Fellowship event at which Sir David Attenborough was awarded his Fellowship of the Society, details of which are described below.

COMMUNITY AND MICROBIOLOGY IN THE UK

Implementation of a new CRM is enabling us to cleanse our membership data and mine that data more effectively to engage with all members in ensuring the membership benefits we offer remain relevant. This work continues through 2019.

2018 saw the launch of a new membership category, that of Fellow of the Society for Applied Microbiology. Recipients of this category of membership are selected by the Executive Committee in recognition of the impact of their work in the promotion of the

importance and relevance of applied microbiology. 2018 saw the award of two new Fellowships:

- Lord Jim O'Neill
- Sir David Attenborough

Both Fellows received their awards at evening reception events hosted by the Society. Guests comprised members of the Society, as well as representatives of external organisations the Society collaborates with to deliver its charitable aims and objectives. Sir David Attenborough was kind enough to answer questions from our ECS Committee on his life's work and the impact he's had on the awareness of environmental issues including the pollution of our oceans with plastics.

INTERDISCIPLINARITY

The Society's events calendar for 2018 saw one-day scientific meetings on the topical subjects of 'Applications of plant pathology: from field to clinic' and 'AMR: looking beyond the microbiological'. The former was organised in collaboration with the British Society of Plant Pathology and the latter incorporated the Denver Russell Memorial Lecture, which was given by Dr Mariagrazia Pizza, Senior Scientific Director at GSK Vaccines, on the subject of 'New challenges in vaccinology – from genomes to structures'.

TOPIC	NUMBER OF DELEGATES	ADDITIONAL OUTPUT
ECS RESEARCH SYMPOSIUM: epidemiology and infection control	111	Deputy CMO attended as speaker
APPLICATIONS OF PLANT PATHOLOGY: from field to clinic	77	In collaboration with British Society for Plant Pathology
Point-of-care diagnostic testing for infectious diseases in low-resource settings	80	Continued links with ASM
PASSPORT TO INFECTION: infectious disease in travel and leisure	126	
ANTIMICROBIAL RESISTANCE: looking beyond the microbiological	71	

Activities and achievements

continued

This year, the Annual Applied Microbiology Conference took place at the Grand Hotel, Brighton, on the theme of 'Passport to infection: infectious disease in travel and leisure', a broad topic which highlighted the interdisciplinarity of applied research and covered subjects as diverse as 'Hot and bothered – the returning traveller with fever' and 'Acting as health and hygiene expert in group litigation against tour operators'.

2018 also saw the Society participate in the second Society Day at the American Society of Microbiology (ASM) Congress in Atlanta, where we organised a one-day symposium on the theme of 'Point-of-care diagnostic testing for infectious diseases in low-resource settings'.

Voice

POLICY

With the Society's Policy Subcommittee reaching one year of age, 2018 was a year of consolidating priorities for engagement. SfAM embarked on its first science policy project, responded to several consultations and launched the @SfAMPolicy Twitter account!

The Policy Subcommittee saw some changes throughout 2018, where we bid farewell to Sabrina Roberts and Zara Gerrard, and welcomed both ECS Policy Officer Lucky Cullen and past President Professor Christine Dodd. In order to remain relevant to our diverse membership, the Subcommittee also unanimously agreed to always contain at least one ECS member representative.

The Society always welcomes the views of members, whose expertise and knowledge informs our priorities and actions. Throughout 2018 we sought the views of members in two surveys:

- Following the Plant Pathology meeting in April 2018, SfAM conducted a joint survey with the British Society for Plant Pathology (BSPP) on 'issues and support for microbial taxonomy'. The survey ran throughout August and collected 83 detailed responses, which were used to inform future collaboration between SfAM and BSPP.
- In Winter 2018, we ran a membership survey on 'research and skills in Antimicrobial Resistance', gathering responses from 34 members. These views will be used to help direct the future work of the Policy Subcommittee.

The future of food safety

The Society embarked on its first science policy project in 2018, with the aim of raising awareness of the importance of food microbiology to food security and safety. To achieve this a series of briefings will be produced that focus on topics including:

- primary production (agriculture and aquaculture);
- food manufacturing and processing;
- consumer behaviours;
- the UK's exit from the European Union.



Activities and achievements

continued

Throughout 2018 we held roundtable discussions on EU exit and manufacturing & processing, bringing together SfAM members and government officials to discuss concerns and opportunities. From these discussions we produced a briefing document 'Food safety after Brexit', which was subsequently referenced in a debate on Brexit in the UK House of Lords.

The project will officially launch in 2019 once all briefings have been completed.

Consultations

During 2018, the Society responded to the following consultations:

MONTH	CONSULTATION	OUR ACTION	RELEVANT OUTCOMES
JAN	<i>UK Parliament House of Commons Science & Technology Select Committee: Brexit summit</i>	Individual response from SfAM	
FEB	<i>European Commission: Pharmaceuticals in the environment</i>	Individual response from SfAM	
MAR	<i>UK Parliament House of Lords EU Energy and Environment Sub-Committee: Plant and animal biosecurity</i>	Individual response from SfAM	Referenced in final select committee report
APR	<i>UK Department for Environment, Food & Rural Affairs: Green paper on future food and environment policy</i>	Contribution to RSB response	
MAY	<i>UK Parliament House of Commons Environmental Audit Select Committee: Sustainable Seas</i>	Individual response from SfAM	Referenced in final select committee report
JUN	<i>UK Parliament House of Commons Health & Social Care Select Committee: AMR strategy</i>	Joint response with Microbiology Society	Follow-up with Parliamentary Office of Science and Technology
SEPT	<i>UK Parliament House of Lords Science & Technology Select Committee: Forensic science</i>	Individual response from SfAM	
OCT	<i>Food Standards Agency: Approach to converting EU law to UK law</i>	Individual response from SfAM	

The Society also responded to consultations on the following UK Standards in Microbiology Investigations (UK SMI) documents.

- UK SMI B29: Investigation of specimens for screening for MRSA (January)
- UK SMI V53: Screening and monitoring for hepatitis E infection (February)

Activities and achievements

continued

COLLABORATION

Throughout 2018 we extended our engagement with key policy stakeholders to increase the strength of our voice for the applied microbiology community. Key achievements include:

- Supporting the Parliamentary Office of Science and Technology in the development of their briefing note 'Reducing UK use of antibiotics in animals'.
- Engagement with the UK Department for Environment, Food & Rural Affairs on the topic of 'Biodiversity Beyond National Jurisdiction (BBNJ).'
- Attendance at a high-level roundtable discussion on the UK Government 2019 Spending Review, organised by CaSE and attended by Sir John Kingman, Chair of UK Research and Innovation (UKRI).

- Hosting a panel discussion with the Health Research Authority (HRA) and National Institute for Health Research (NIHR) at the inaugural Evidence Week in UK Parliament, (an initiative of Sense about Science, the House of Commons Library, Parliamentary Office of Science and Technology and House of Commons Science and Technology Committee).
- Representing the learned society sector as a member of the UK Plant Microbiome Initiative steering committee.

During 2018, 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	Lucy Harper
ROYAL SOCIETY of BIOLOGY: Strategic Partnership Group	Chris Brown / 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 PLANT MICROBIOME INITIATIVE: Steering Committee	Chris Brown
DEFRA ACCESS AND BENEFIT SHARING STAKEHOLDER GROUP	Chris Brown
UK SMI COMMITTEES: - Steering committee - Virology working group - Bacteriology working group	Mark Fielder Laura Ryall Andrew Sails
BRITISH STANDARDS INSTITUTE TECHNICAL COMMITTEES: - AW/9 Microbiology - Microbiological methods - CH212 Chemical disinfectants and antiseptics panel	Sue Passmore Sue Passmore John Rigarsford

Activities and achievements

continued

The Society holds strategic partnerships with the following organisations 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
- Learned Society Partnership on Antimicrobial Resistance (LeSPAR)
- British Science Association – APPG on Diversity and Inclusion
- Parliamentary and Scientific Committee

COMMUNICATION

Engagement via the website and social media channels increased during 2018 with an audience including the general public and other relevant organisations:

- **Facebook** increased from 33,855 to 35,277 (4%)
- **Twitter** increased from 13,200 to 17,030 (22%)
- **LinkedIn** increased from 5,552 to 5,726 (3.1%)

The SfAM website continued to attract a large audience of 38,387 unique visitors in 2018 (45,685 in 2017) and has been redesigned to enable easier access to member services such as grant applications, membership and events. In terms of engagement with our own members, the 40% open rate for meetings emails (38% in 2017) and 32% open rate for the membership renewal emails (52% in 2017) are both above the industry standard rate for opening email newsletters. The new website and CRM went live towards the end of 2018, with the transition having a slightly negative effect upon the usage metrics.

Microbiologist magazine continued to develop this year, with a key issue addressing Antibiotic Resistance. This issue contained a collection of high-quality articles from top scientists addressing each of Lord Jim O'Neill's ten commandments. Last year, the Trustees took the decision to move away from print, and make the

magazine primarily an electronic publication. This provides greater flexibility, enabling content to be available across a variety of platforms and media.

The ECS blog was launched in October 2018 for stories of importance and interest to our early career scientist members. An initial nine blog posts covering a range of applied microbiology and ECS topics were published, with the following highlights:

TITLE	NUMBER OF VIEWS
A greener lab footprint	1193
At home with microbes	600
Overcoming challenges	504
Microbes in space	424

Bringing the blog on to the SfAM website has doubled the average views of our blog posts.

Building on the momentum the Society achieved by awarding Lord Jim O'Neill a Fellowship, a letter on the AMR Review was published in our own *Journal of Applied Microbiology (JAM)*. The letter featured in *The Times* and an office press release announcing the letter's publication secured an article in the *Financial Times* and featured mentions of AMR, the Fellowship, the Society and the *Journal of Applied Microbiology*.

The Society also continued to work with the Science Media Centre, providing member expertise for journalists in key areas of AMR and the human microbiome. Notable articles include those written by Aisha Majid for *The Telegraph* 'Could this alternative to antibiotics help wipe out superbugs?' and Tereza Pultarova for *livescience.com* 'How the bugs in your gut could affect your blood vessels'.

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*, alongside other Learned Societies under the Royal Society of Biology's 'Biology big top' banner.

Activities and achievements

continued

Sustainability

The majority of the Society's income is from subscription revenue, and this income is returned to the scientific community to provide valued support to applied microbiologists globally. This support takes the form of grant funding, scientific meetings, networking opportunities and career development. In 2018, 93% of this income funded activities to achieve the Society's charitable goals, such as public engagement, science policy work and supporting our membership.

The Society's journals continue to thrive and adapt to an ever-changing publishing landscape, which, during 2018, was punctuated by an announcement of Plan S, by a consortium of international research funders known as cOAlition S, including UKRI, Wellcome and the Bill & Melinda Gates Foundation. Plan S requires that 'scientific publications that result from research funded by public grants must be published in compliant Open Access journals or platforms.'

One of the 10 principles of Plan S states that: 'The "hybrid" model of publishing is not compliant with the above principles' (of Plan S). This means that those scientists funded by members of cOAlition S could be prevented from publishing in the majority of the Society's journals. This is a significant development and a situation shared by many other learned societies.

A group of such societies, the Society Publishers' Coalition have been sharing information and contributing significantly to discussions on the implementation of Plan S. SfAM are part of this group whose aim is 'to see an orderly and sustainable transition to open scholarship and to improve the efficiency of the scholarly communication ecosystem for the benefit of researchers and society at large in a fair and sustainable way.' This group has been meeting regularly and following developments closely, with one output being the response to the call for feedback on the Guidance on the Implementation of Plan S.

In parallel to this, the Society's Trustees, Chief Editors and Wiley have been working hard to develop a new strategy for our journals to enable the Society's and our journals' sustainability in a more Open Access world.

Wiley works with the Chief Editors and Editorial Boards to ensure each journal is utilising all technological developments relevant to each journal, and to enable content availability to as wide an audience as possible, globally. The Society's Environmental Microbiology (EMI) and Journal of Applied Microbiology (JAM) lectures enabled the Society to recognise the success of these two journals.

In 2018 the JAM Lecture was presented by Professor Albert Bosch on the topic of Hepatitis A Virus: new insights from an old acquaintance. The EMI lecture was given by Professor Ken Timmis who celebrated 20 years of EMI with his lecture on the topic of extremophiles and 20 years of Environmental Microbiology.

JOURNAL	IMPACT FACTOR	DOWNLOADS (000) n 2018 (2017)	OPEN ACCESS ARTICLES (n) 2018 (2017)
JOURNAL of APPLIED MICROBIOLOGY	2.16	1,686 (1,682)	12 (14)
LETTERS in APPLIED MICROBIOLOGY	1.471	741 (711)	6 (5)
ENVIRONMENTAL MICROBIOLOGY	4.974	684 (741)	57 (50)
ENVIRONMENTAL MICROBIOLOGY REPORTS	2.885	108 (112)	8 (5)
MICROBIAL BIOTECHNOLOGY	3.913	755 (309)	111 (248)

Activities and achievements

continued

Grant provision

During 2018, the Society provided the following grant support to our members.

GRANTS REVIEW 2018

GRANT NAME	n				2018 (£0)		
	Applications	Rejected	Withdrawn	Accepted	ACTUAL	BUDGET	VAR
Student placement scholarship	38	5	0	33	79,000	70,000	-9,000
President's fund	67	10	13	44	50,000	60,000	10,000
Microbiology outreach grant	16	0	0	16	33,000	30,000	-3,000
New lecturer research grant	13	10	0	3	30,000	30,000	0
PhD	n/a	n/a	n/a	n/a	22,000	22,000	0
Annual Conference studentship	20	7	6	7	6,000	20,000	14,000
International capacity building fund	6	1	0	5	19,000	25,000	6,000
Events support grant (meeting)	11	2	0	9	14,000	10,500	-3,500
Registration fees grant	10	0	0	10	3,000	5,000	2,000
Research support grant	1	1	0	0	3,000	2,500	-500
Contingency/emergency fund	0	0	0	0	0	5,000	5,000
Caregiver support grant	1	0	0	1	48	1,000	952
Educational resources grant	0	0	0	0	0	5,000	5,000
TOTAL	183	36	19	128	259,048	286,000	35,952

Financial review

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.

Surplus/loss

The Society made a loss in 2018 after investment losses of £552K; however, net assets remain strong at £8.976M at 31 December 2018. 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 £258K worth of grants in 2018 and benefited from a financial subsidy 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 2018 the Society's investments outperformed the benchmark (Portfolio -4.0%; Benchmark -4.5%) in a tricky year for markets and over the long term (10 years) have also comfortably outperformed the benchmark (Portfolio +149.5%; Benchmark +121.7%).

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 categorisation is usually made up of 20% fixed interest products and 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 income funds of £8.9M, of which £6.8M is held in investments for the purpose of income generation. 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. The current level of reserves would provide the Society with several years of its current charitable activity in the form of scholarly publishing, grant provision, events, policy work and public engagement. There are no designated or restricted funds.

In 2018 the Society's expenditure on charitable activities was around £1,453K with £686K (£591K 2017) on support costs.

Financial review

continued

The announcement of Plan S and a potential move towards Open Access journal publishing presented itself as a risk to the Society's revenue towards the end of 2018. As hybrid journals, the Society's journals are not compliant with Plan S, and the potential impact of this on our revenue from scholarly publishing is currently being reviewed.

In the event of loss of income from scholarly publishing, which comprises over 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 sufficient time to invest in future income-generating activity.

This policy is intended to provide a sufficient buffer without accumulating unnecessary levels of reserves.

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.

Organisational structure and decision-making

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.

The Society is governed by the Executive Committee consisting of 13 members. Of these, from July 2018 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.

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 Trustees.

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

In 2018, there were several changes to the membership of the Executive Committee (EC). Professor Valerie Edwards-Jones, Miss Charlotte Duncan and Mr Philip Wheat resigned their respective positions.

The Society is using a revised process and external advertising to recruit a new Treasurer. An election of the Executive Committee in 2019 will fill the remaining vacancies. In addition, an open call for Vice President took place during 2018 and Professor Brendan Gilmore will take up the role in July 2019.

Operations

During 2018, the decision was taken by the Directors of Charles Darwin House Ltd to sell Charles Darwin House 1 and Charles Darwin House 2 and to dissolve Charles Darwin House Ltd. This decision has resulted in an impairment in the value of the buildings due to the uncertainty of the property market during Brexit negotiations.

The Society will remain in London to benefit from being at the heart of the science policy community, enabling our members to easily provide expertise to influence science policy. We will remain close to media centres and companies, enabling the Society to have a voice via traditional media outlets. The increased ease of connectivity with our Trustees, volunteers and members will also remain as will the increased efficiencies associated with being located close to partner organisations. There were no staffing or other operational changes during 2018.

Policies adopted for the induction and training of Trustees

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 Executive Committee meetings, organisational 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. All Executive Committee members are asked to sign up to a Code of Conduct on becoming a Trustee.

Structure, governance and management

continued

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 a conflict of interest arises.

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.

The pay of the Chief Executive is reviewed annually by the Remuneration Committee, which comprises the Officers and the HR manager, using internal and external benchmarks as well as key performance indicators for the previous year.

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 and poor investment performance. The potential decrease in revenue from journal publishing, due to changes in the publishing landscape, specifically concerns Open Access publishing, which could threaten the Society's ability to carry out its charitable objectives. The Society is mitigating this risk by increasing the resource available to focus on the publishing landscape and its implications for the success and sustainability of SfAM's journals.

The Society is mitigating the risk of poor performance of the investment portfolio through continuous monitoring of its performance and management.

Plans for the future

The Governance Review, which took place during 2018, has provided the Society with tools to enable a more transparent way of working, including the introduction of a process of reporting by exception for Executive Committee meetings. This has already resulted in increased engagement and wider participation amongst Trustees as well as a record number of nominations to the Executive Committee at the 2019 election. The implementation of all recommendations from our Governance Review will be taken forward during 2019 and beyond.

The second phase of the Governance Review will examine the Society's governing documents, to update the language used within the documents and to support more up-to-date methods of discussion and decision-making. Suggested changes to these documents will be developed with members, for agreement at the AGM in July 2019.

Strategy

Throughout 2019, the Society will continue to deliver on our strategic plan 2018–2021.

During 2018, the following campaigns and projects were agreed by the Executive Committee and work will begin on each of these projects during 2019 and beyond:

1. The microbiome – a public engagement project targeting a variety of audiences.
2. Microbiology is diverse – a practical framework to inform all core activities of the Society.
3. AMR – a series of activities to promote and continue awareness of the importance of AMR.
4. The future of food safety – a policy project tackling various aspects of food safety and the potential impact of Brexit. This project will launch during 2019.

ECS SUPPORT

We will continue to support ECS members through, among other activities, the integration of an ECS member as a Trustee of the Executive Committee. This will enable this group of scientists to contribute more formally to the decision-making and governance of the Society.

COMMUNITY

The new CRM will provide the Society a much more robust dataset upon which we can rely to engage effectively with our members, both within the UK and internationally. This engagement will enable the Society to ensure that the benefits we provide remain relevant to all applied microbiologists, whether they are working in academia, government laboratories or industry. To that end, we will be reviewing our grant provision to ensure our support remains relevant.

POLICY

We will continue to build upon the excellent foundations of our policy work being the voice of applied microbiology. We will be increasing our resource in this area and will continue to link our ECS members with policy-relevant issues and those working in policy, through training. We will continue to participate in the Royal Society of Biology's Parliamentary Links Day and Voice of Young Science events. We will also hold a session at Sense About Science's Evidence Week. 2019 will also see the launch of the output from our Food Safety project (see page 10) at the 2019 FEMS Congress.

Plans for the future

continued



The Society will be collaborating with the Federation of European Microbiology Societies (FEMS) during 2019 and co-hosting the 2019 FEMS Congress. This will take place in Glasgow during July, providing the opportunity for the Society to showcase our strategic priorities to a receptive and large audience of international microbiologists. Collaboration with our European colleagues will be particularly important for the Society, to ensure all scientists remain aware that the UK remains at the heart of scientific collaboration.

SUSTAINABILITY

The Society's Trustees, Chief Editors and Wiley will continue to develop a new strategy for our journals to enable the Society's and our journals' sustainability in a more Open Access world. In addition, the Society will

remain in touch with developments regarding the implementation plans for Plan S through the Society Publishers' Coalition. The implications of these plans upon the future of the Society's journals will remain a high priority for the Society during 2019 and beyond.

These future activities are set against the backdrop of the sale of Charles Darwin House 1&2, the dissolution of CDH Ltd and the relocation of the Society to a new HQ. We will share our new space with the Biochemical Society, a like-minded organisation with whom the Society already has shared resources in HR and Business Technology Management.

The space we'll be occupying will enable us to change the way we work, adding to our flexible working arrangements: we'll be introducing a hot-desking policy for the team within an office that contains a huge variety of working and meeting spaces.

Sharing with the Biochemical Society will provide the Society with continued efficiencies of shared resources, as well as opportunities to easily share best practice and to collaborate to deliver our charitable and strategic objectives.



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 auditors

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 charitable 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 relevant audit information and to establish that the charitable company's auditors are aware of that information.

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

.....
Professor Mark Fielder
President

.....
 Date

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 2018, which comprise the Statement of financial activities, Balance sheet, Statement of cash flows and the related notes, including a summary of significant accounting policies, as set out on pages 26 to 40. 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 2018 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.

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

Independent auditors' report

to the members of Society for Applied Microbiology *continued*

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 the financial year 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 the 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' remuneration specified by law are 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. This description forms part of our Auditors' report.

Independent auditors' report

to the members of Society for Applied Microbiology *continued*

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.

.....
Jayne Rowe
(Senior statutory auditor) for and on behalf of

Peters Elworthy & Moore
Chartered Accountants and Statutory Auditors
Salisbury House
Station Road
Cambridge
CB1 2LA

.....
Date

Statement of financial activities

(incorporating income and expenditure account)

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Unrestricted funds 2018 £000	Unrestricted funds 2017 £000
INCOME FROM:			
Charitable activities	2	1,333	1,474
Investments	3	216	174
TOTAL INCOME		1,549	1,648
EXPENDITURE ON:			
Raising funds:			
Voluntary income	4	7	4
Investment management	5	36	31
Charitable activities	6	1,453	1,265
TOTAL EXPENDITURE		1,496	1,300
NET INCOME BEFORE INVESTMENT GAINS/(LOSSES)			
Net gains/(losses) on investments	13	53 (552)	348 291
NET MOVEMENT IN FUNDS		(499)	639
RECONCILIATION OF FUNDS:			
Total funds brought forward		9,475	8,836
TOTAL FUNDS CARRIED FORWARD		8,976	9,475

There were no other recognised gains or losses other than those listed above. All income and expenditure derives from continuing activities.

The notes on pages 29 to 40 form part of these financial statements.

Balance sheet

Society for Applied Microbiology (a company limited by guarantee), Registered number: 06462427

AS AT 31 DECEMBER 2018

	Note	£000	2018 £000	2017 £000
FIXED ASSETS				
Tangible assets	12		920	1,023
Investments	13		6,821	7,196
			7,741	8,219
CURRENT ASSETS				
Debtors	14	819		883
Cash at bank and in hand		482		478
		1,301		1,361
CREDITORS: amounts falling due within one year	15	(66)		(105)
NET CURRENT ASSETS			1,235	1,256
NET ASSETS			8,976	9,475
CHARITY FUNDS				
Unrestricted funds	16		8,976	9,475
TOTAL FUNDS			8,976	9,475

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 authorised for issue by the Trustees and signed on their behalf, by:

.....
Professor Mark Fielder
President

.....
 Date

The notes on pages 29 to 40 form part of these financial statements.

Statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	2017 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operating activities	17	(35)	(18)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends, interest and rents from investments		216	174
Movement in cash at investment broker		83	96
Purchase of tangible fixed assets		–	(1,023)
Net cash moved (to) / from portfolio		(260)	893
NET CASH PROVIDED BY INVESTING ACTIVITIES			
		39	140
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR			
		4	122
Cash and cash equivalents brought forward		478	356
CASH AND CASH EQUIVALENTS CARRIED FORWARD			
	18	482	478

The notes on pages 29 to 40 form part of these financial statements.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2018

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 02. 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.

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.

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.

Notes to the financial statements

continued

FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies continued

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 that 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.

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out by the SfAM team. 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 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 recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions that 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 recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

Tangible fixed assets are carried at cost or valuation, 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 or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	–	2% straight line
Fixtures and 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 recognised at transaction value and subsequently measured at their

Notes to the financial statements

continued

FOR THE YEAR ENDED 31 DECEMBER 2018

settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

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, 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 incorporating income and expenditure account 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 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 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.

Notes to the financial statements

continued

FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies 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 2018 £000	Unrestricted funds 2017 £000
Journals and other publications	1,231	1,367
Subscriptions from members	50	53
Meetings and conferences	47	49
Other income	5	5
	1,333	1,474

3. Investment income

	Unrestricted funds 2018 £000	Unrestricted funds 2017 £000
Investment income – listed investments	216	174

4. Costs of raising funds

	Unrestricted funds 2018 £000	Unrestricted funds 2017 £000
Investment property costs	7	4

Notes to the financial statements

continued

FOR THE YEAR ENDED 31 DECEMBER 2018

5. Investment management costs

	Unrestricted funds 2018 £000	Unrestricted funds 2017 £000
Investment manager's fees	36	31

6. Analysis of expenditure by activities

	Activities undertaken directly 2018 £000	Grant funding activities 2018 £000	Support and governance costs 2018 £000	Total 2018 £000	Total 2017 £000
Meeting and conference costs	291	–	234	525	491
Journal costs	54	–	109	163	144
Publication costs	81	–	109	190	187
Member subscriptions	–	–	317	317	196
Grants and studentships	–	258	–	258	247
Total 2018	426	258	769	1,453	1,265
Total 2017	427	247	591	1,265	

7. Analysis of grants

	Grants to institutions 2018 £000	Grants to individuals 2018 £000	Total 2018 £000	Total 2017 £000
Grants and studentships	17	241	258	247
Total 2017	12	235	247	

In 2018, four grants were made to institutions (2017: four) and 141 grants to individuals (2017: 148).

Notes to the financial statements

continued

FOR THE YEAR ENDED 31 DECEMBER 2018

8. Direct costs

	Meeting and conference costs £000	Journal costs £000	Publication costs £000	Total 2018 £000	Total 2017 £000
Plant pathology meeting	9	–	–	9	21
Annual Conference	99	–	–	99	92
Other meetings	70	–	–	70	88
Journal provision	–	54	–	54	50
<i>Microbiologist</i>	–	–	56	56	72
Promotion	80	–	–	80	31
Other publications	–	–	25	25	21
President's dinner	24	–	–	24	20
AMR meeting	9	–	–	9	23
	291	54	81	426	427
Total 2017	284	50	93	427	

9. Support costs

	Meeting and conference costs £000	Journal costs £000	Publication costs £000	Membership subscription £000	Total 2018 £000	Total 2017 £000
Professional fees	1	–	–	–	1	17
CRM	–	–	–	100	100	16
Office	45	23	23	46	137	141
Accountancy	11	6	6	12	35	36
Committee meetings	5	2	2	5	14	23
Impairment of property	27	14	14	28	83	–
Wages and salaries	101	51	51	101	304	274
National insurance	11	6	6	11	34	30
Pension cost	14	7	7	14	42	40
Depreciation	19	–	–	–	19	14
	234	109	109	317	769	591
Total 2017	207	94	94	196	591	

Notes to the financial statements

continued

FOR THE YEAR ENDED 31 DECEMBER 2018

9. Support costs continued

Included within support costs are governance costs amounting to £68,000 (2017: £68,000). This comprises of accountancy fees of £39,000 (2017: £37,000), committee meeting costs of £14,000 (2017: £23,000) and other governance costs of £15,000 (2017: £8,000).

10. Net income/(expenditure)

	2018 £000	2017 £000
This is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the charity	19	14
Impairment of fixed assets	148	–
Auditors' remuneration - audit	9	9
Auditors' remuneration - other services	30	28

Non-audit services for the charity includes tax advisory work of £4,000 (2017: £3,000) and other financial services of £26,000 (2017: £21,000).

11. Staff costs

	2018 £000	2017 £000
Staff costs were as follows:		
Wages and salaries	304	274
Social security costs	34	30
Other pension costs	42	40
	380	344

The average number of persons employed by the company during the year was as follows:	2018 No.	2017 No.
Management and administration of the charity	7	7
The number of higher paid employees was:	2018 No.	2017 No.
In the band £80,001 – £90,000	1	1

Notes to the financial statements

continued

FOR THE YEAR ENDED 31 DECEMBER 2018

11. Staff costs continued

The Charitable company considers its key management personnel comprise the Trustees and the Chief Executive. During the year, no Trustees received any remuneration (2017: £NIL).

The total employment benefits including employer national insurance and employer pension contributions of the key management personnel were £106,000 (2017: £103,000).

Twelve (2017: 13) Trustees received reimbursement of expenses amounting to £14,000 (2017: £18,000). All Trustees' expenses are reimbursement of travel and subsistence costs for Trustees attending meetings on behalf of the charity.

12. Tangible fixed assets

	Freehold property £000	Fixtures and fittings £000	Office equipment £000	Total £000
COST				
At 1 January 2018 and 31 December 2018	1,023	15	45	1,083
DEPRECIATION				
At 1 January 2018	9	10	41	60
Charge for the year	14	3	3	20
Impairment charge	83	–	–	83
At 31 December 2018	106	13	44	163
NET BOOK VALUE				
At 31 December 2018	917	2	1	920
At 31 December 2017	1,014	5	4	1,023

Included in freehold property is land of £341,000 (2017: £341,000) which has not depreciated.

The Society owns a 7.2% share in Charles Darwin House 1, 2 and Ltd. Charles Darwin House 1 has been used as the Charity's primary office and is included in Freehold property. During the year, the property was put up for sale and, subsequent to the year end, sold for a lower value than the Net book value. An impairment has been recognised to the property to the recoverable value of the sale by the Society. An impairment charge of £83,000 has been made in respect of the loss on the freehold property.

Similarly, a decision to sell Charles Darwin House 2, an investment property in which the Society own a 7.2% share was also made prior to the year end. At the time of the approval of the accounts, the property has not yet been sold, but a revaluation has been recognised to the extent to which the Trustees believe the value of the property is recoverable on its eventual sale. A revaluation loss of £73,000 has been recognised in respect of this (see note 13).

Notes to the financial statements

continued

FOR THE YEAR ENDED 31 DECEMBER 2018

13. Fixed asset investments

	Listed securities £000	Investment cash £000	Investment property £000	Total £000
MARKET VALUE				
At 1 January 2018	6,431	181	584	7,196
Additions	1,095	–	–	1,095
Disposals at opening market value (Proceeds: £834,283)	(779)	–	–	(779)
Revaluations	(535)	–	(73)	(608)
Movement in cash held at investment broker	–	(83)	–	(83)
At 31 December 2018	6,212	98	511	6,821
HISTORICAL COST	4,457	98	584	5,139

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. 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.

INVESTMENT IN UNLISTED ENTITIES

The Society owns a 7.2% investment in Charles Darwin House Limited, 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

FOR THE YEAR ENDED 31 DECEMBER 2018

14. Debtors

	2018 £000	2017 £000
Prepayments	32	55
Accrued income	787	828
	819	883

15. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Other taxation and social security	–	49
Deferred income	1	22
Accruals	65	34
	66	105

	£000
DEFERRED INCOME	
Deferred income at 1 January 2018	22
Resources deferred during the year	1
Amounts released from previous years	(22)
Deferred income at 31 December 2018	1

Deferred income consists of subscription income received in advance of £1,000 (2017: £23,000), of which £169 (2016: £309) is shown in amounts falling due after more than one year.

Notes to the financial statements

continued

FOR THE YEAR ENDED 31 DECEMBER 2018

16. Statement of funds

STATEMENT OF FUNDS - CURRENT YEAR	Balance at 1 January 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (losses) £000	Balance at 31 December 2018 £000
UNRESTRICTED FUNDS						
Accumulated fund	9,475	1,549	(1,496)	–	(552)	8,976
STATEMENT OF FUNDS - PRIOR YEAR						
	Balance at 1 January 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (losses) £000	Balance at 31 December 2016 £000
Designated funds	750	–	–	750	–	–
GENERAL FUNDS						
Accumulated fund	8,086	1,648	(1,300)	750	291	9,475
Total unrestricted funds	8,836	1,648	(1,300)	–	291	9,475

17. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £000	2017 £000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(499)	639
Adjustment for:		
Depreciation charges	20	14
Gains/(losses) on investments	552	(290)
Dividends, interest and rents from investments	(216)	(174)
Impairment of freehold property	83	–
Decrease/(increase) in debtors	64	(178)
Decrease in creditors	(39)	(29)
Net cash used in operating activities	(35)	(18)

Notes to the financial statements

continued

FOR THE YEAR ENDED 31 DECEMBER 2018

18. Analysis of cash and cash equivalents

	2018 £000	2017 £000
Cash in hand	482	478
Total	482	478

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 £42,000 (2017: £40,000). No contributions were outstanding at the Balance Sheet date.

20. Operating lease commitments

At 31 December 2018 the total of the charity's future minimum lease payments under non-cancellable operating leases was:

	2018 £000	2017 £000
AMOUNTS PAYABLE:		
Within 1 year	–	1



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