

**BIOCHEMICAL
SOCIETY**

Trustees' Report and Accounts for the year ended 31 December 2018

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Company No. 00892796

Charity No. 253894

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Our Mission

The Biochemical Society promotes the future of the molecular biosciences; facilitating the sharing of expertise, supporting the advancement of biochemistry and molecular biology, and raising awareness of their importance in addressing societal grand challenges.

We achieve our mission by:

- Supporting the next generation of biochemists; promoting the opportunities offered by biochemistry and molecular biology through education and training from age 15 upwards;
- Bringing together molecular bioscientists; fostering connections and providing a platform for collaboration and networking across our membership and the wider community to ensure a strong future for molecular biosciences in both academia and industry;
- Promoting and sharing knowledge; enabling the circulation of scientific information through meetings, publications and public engagement to support innovation, inform decision-making and advance biochemistry and molecular biology; and
- Promoting the importance of our discipline; highlighting the role of molecular biosciences in interdisciplinary and translational research, while supporting the fundamental research that underpins applied studies.

Connecting and collaborating for the future of the life sciences, the Society and its wholly-owned subsidiary, Portland Press Limited (PPL), work to open up biochemistry, sharing expertise and advancing the impact of molecular biosciences in science and society.

Registered charity name: Biochemical Society

Charity registration number: 253894

Company number: 00892796

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President's and CEO's Review

2018 was a productive year for both the Biochemical Society and its wholly-owned subsidiary, Portland Press Limited (PPL). We are proud to have reached a wider network of molecular bioscientists than ever before and to have disseminated and advanced the molecular life sciences through our meetings, published research and educational activities and resources.

This year has seen significant growth, to 6,516 paid members, in line with the Society's membership strategy. 30% of current members are Early Career scientists and, to serve them more effectively, we established an Early Career Advisory Panel and Early Career Network following feedback received in our 2017 membership survey. There has been a great deal of enthusiasm and support for this initiative with the first meeting of the Early Career Advisory Panel being held in November 2018. It will play an important role in guiding the Society's future activities and supporting a strong pipeline of molecular bioscientists in the UK and internationally.

Along with developing our support for individuals in the early stages of their careers, we have also focused on improving engagement with our colleagues in industry. Building effective networks between bioscientists working in academic and industrial settings is a vital part of our strategic objective to enhance the impact of biochemistry on society.

The Society is committed to supporting not only our members, but the widest possible community of molecular bioscientists. We are in the fortunate position that all of the financial surplus generated from our publishing activities through PPL is reinvested to support our charitable objectives. Later in this report, we provide more detail on the financial support and other activities we have been able to offer the community throughout the year, across our scientific meetings, training, education, careers, public engagement and policy programmes. This has included providing over £290K of grant funding, supporting activities as diverse as studentships, outreach events, travel bursaries and teacher placements in industry and academia.

The launch of Plan S – an international initiative to promote and accelerate Open Access (OA), has significant implications for future publishing income, publishing processes and revenue operations. In this rapidly changing landscape, PPL has adopted a leadership position in the transition to OA publishing. Two of our seven journals – *Bioscience Reports* and *Neuronal Signaling* – are already fully OA and compliant with the policy and technical requirements of Plan S. We are also exploring potentially 'transformative' offerings combining legacy subscriptions and OA publishing in a bid to 'flip' future published content in the Society's journals to OA. Collaborating across the sector, we are also positioned to play a leading role in the Society Publishers' Coalition, a group of learned societies that own/publish journals and are working together to establish a sustainable and successful transition to OA.

The Society and PPL work hard to support and strengthen the molecular biosciences community through strategic collaboration and partnership with other organizations. This collaborative network now extends to over 137 external partners overall (including learned societies, charities, research institutes, universities and industry). By working with others, we increase the reach of biochemistry and the Society's influence and support for the molecular biosciences more efficiently and effectively than by working in isolation. In doing so, we also acknowledge the broad influence of biochemistry in biology as a whole.

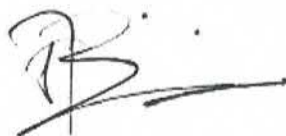
As ever, our work would not be possible without the volunteers who sit on our Committees, our Editorial Board members along with thousands of authors and reviewers for our journals,

as well as our Local Ambassadors and scientific meeting Programme Coordinators. We are extremely grateful for their ongoing dedication and commitment to the Society.

The Council of Trustees and the Society's staff team look forward to continuing its work to ensure that the Society remains in the best position to support the molecular biosciences.



Professor Sir Pete Downes
President, Biochemical Society



Kate Baillie
Chief Executive, Biochemical Society, and
Managing Director, Portland Press Limited

Trustees' Report

During 2018, the Society's Trustees and staff have worked to deliver five key aims in support of our continuing three-year strategy. They are:

- Bringing together molecular bioscientists
- Supporting the next generation of biochemists
- Promoting and sharing knowledge
- Promoting the importance of our discipline and through this, the broader life sciences
- Ensuring sustainable support for the advancement of science

In 2018 these were translated into the following key objectives:

Bringing together molecular bioscientists

- Ensure a strong future for the molecular biosciences through engaging in strategic collaborative projects with learned societies; these will include a third collaborative mixer at the Experimental Biology conference in collaboration with the British Pharmacological Society (BPS) and The Physiological Society (TPS).
- Review membership offering to support our members at all stages of their careers; this will be facilitated by implementation of a new membership fulfilment system during 2018.
- Increase membership engagement through more targeted communications and members' events; grow paid membership to 7,000 by the end of 2021, with an interim goal of 6,650 in 2018.
- Increase the number of members from the industrial, biotechnology and academic drug discovery sectors, providing a platform for collaboration, facilitating innovation and supporting links between academia and industry; 2018 will be the fourth year of the Society's Industry Strategy. Increasing representation from, and engagement with, this group will contribute to growing membership; a collaborative Drug Discovery Training Event aimed at early career bioscientists will be developed during 2018.
- Continue to develop international links and networks supporting scientists to share their work on a global scale.
- Foster diversity and equal opportunities for entry and progression in our discipline, including through support of Society grants and bursaries, and ensuring equality of opportunity in Society-run events and schemes; an Athena SWAN best practice event will be organized in 2018 as a part of the Royal Society of Biology (RSB)'s Equality, Diversity and Inclusion working group.

Supporting the next generation of biochemists

- Develop educational events and training days to facilitate the sharing of expertise and ensure a strong skills base; In 2018 this will include 'Evolving molecular bioscience education', 'Proteomics and related metabolomics of oxidative damage and glycation: a technical workshop' and 'Experimental techniques for studying proteins and lipids in biological membranes'.
- Support teachers and HE educators to develop their skills and knowledge and foster links between schools, academia and industry.
- Provide careers support and information for students and early career researchers and promote the opportunities offered by biochemistry and molecular biology through education and training from age 15 upwards; a series of newly-developed careers posters for teachers and educators launched at the Association for Science Education (ASE) Annual Conference in January 2018; a new 'Undergraduate Biochemistry Curriculum' booklet will be published in 2018, providing an overview of

topics students can expect to learn about and skills they can expect to develop as part of a degree in biochemistry.

- Create online content to support the teaching and understanding of biochemistry; the Society will develop new courses for the online training portal; new content covering pre-implantation genetic diagnosis and IVF will be added to Sciberbrain; the fourth *Understanding Biochemistry* themed issue of *Essays in Biochemistry* is planned for October 2018.

Promoting and sharing knowledge

- Evaluate the positioning of Society conferences, in particular Harden Conferences and Hot Topic Meetings to offer greatest value to the community and greatest contribution to the advancement of science; new positioning of the Society meetings approved by the Conferences Committee will be launched in 2018.
- Seek to engage with meetings in the molecular biosciences where appropriate, with a view to collaboration rather than offering sponsorship; work towards a joint Life Sciences 2019 conference in collaboration with BPS and TPS will continue during 2018.
- Ensure that Portland Press is a leading publisher in the life sciences, continuing to publish internationally recognized quality life science research. During 2018, we will introduce new policies relating to research data underpinning journal articles and we will continue to build our network in key geographic regions; implementation of the strategy for *The Biochemist* will continue with the aim of ensuring the magazine is an engaging source of news and views on issues of relevance to the molecular bioscience community.
- Develop the Portland Press portfolio to offer a home for every paper published within the molecular biosciences, growing to encompass the broader life sciences; the breadth of high-quality articles published will continue to grow through 2018.
- Develop a journal portfolio including contract publishing of life science titles.
- Develop ambitious targets for promoting and sharing scientific research, providing sustainable support for the advancement of science, including through collaborative activities; growing revenue will continue to be a focus, as will growing readership as measured by full-text downloads of articles.
- Support students and researchers to communicate their work to the public and promote public engagement with biochemistry and the molecular biosciences; in 2018 we will organize a hands-on event in collaboration with Central Saint Martins - University of the Arts London to investigate the differences and similarities in how artists and scientists approach their work.

Promoting the importance of our discipline and through this, the broader life sciences

- Establish the 'Biochemical Society Strategy for Molecular Biosciences', to be implemented in line with Governance Review outcomes; the strategy will be finalized and implemented with oversight from the Scientific Activities Committee during 2018.
- Continue to channel expertise from the biochemistry and molecular bioscience community into the policy work of RSB.
- Engage Society members with Biochemical Society and RSB science policy activities; contributing to a Policy Officer position at the Campaign for Science and Engineering (CaSE); participating in parliamentary events such as Voice of the Future and Parliamentary Links Day.
- Support the RSB with a set fee of £37,500.
- Continue to fund shared staff in science policy with RSB.

Ensure sustainable support for the advancement of science

- Continue the review of IT infrastructure and staffing, overseen by an external consultant and chaired by a Trustee; a full Business Technology Strategy is expected to be developed in 2018; a competitive tender process for network infrastructure services provided by Charles Darwin House (CDH), will take place in early 2018 in collaboration with the Microbiology Society.
- Sufficient completion of all systems and business technology projects, utilize existing external organizational contacts to complete implementation of the proposals presented by the comprehensive review of the Finance and Accounting function of the Biochemical Society; the remaining work to finalize the Finance Review is expected to be completed during 2018.

The Society's progress against these objectives is encapsulated in the following summary.

Strategic Report

Bringing together molecular bioscientists

The Society maintains a strong commitment to strategic collaboration across the breadth and depth of the scientific sector and beyond. It is through these valuable relationships with partners within and beyond the bioscience community that the Society can provide a variety of opportunities for our members and the wider molecular bioscience sector to gather together, share ideas and expertise.

As mentioned earlier in this report, we worked with more than 137 different organizations in 2018. Specifically, we have continued to liaise closely with the Federation of European Biochemical Societies (FEBS) to support and promote their activities.

In 2018, five scientific events were organized in association/collaboration with other partners, including a training event on drug discovery (in partnership with the Royal Society of Chemistry and supported by other organizations such as GSK and AstraZeneca). This event was a great success, attracting a new audience and receiving a very positive response from industry.

Industry engagement has remained an important focus for the Society and, in addition to our Industry Representative on the Council of Trustees, we are working towards increasing industry representation across many of our activities. There are now industry representatives on seven of the Society's committees and panels, and the Events team are working towards the expectation of at least one industry speaker for all new meeting proposals.

Grant funding plays an essential role in supporting those working in the molecular biosciences as well as helping to ensure a strong future pipeline of molecular bioscientists and providing opportunities for people of all ages to explore and discuss the issues raised by developments in our field. In 2018 we received 233 applications across our Summer Vacation Studentships, Scientific Outreach Grants and Diversity in Science grant schemes, of which 74 grants were awarded. This is in addition to the 460 other grants and bursaries awarded, and direct support made to In2ScienceUK and STEM Learning. The total financial assistance provided by the Society's grant funds in 2018 was a little over £290K.

At the Grants Committee meeting in March 2018, it was agreed that Visiting Fellowships should be renamed as the 'Travel Award for International Skills and Knowledge Exchange'. In addition to making the purpose of the grant clearer, it is hoped that the name change will appeal to a wider and more international group of individuals, thus increasing the number of funding applications and helping to grow our membership community outside of the UK.

Changes were also made to the General Travel Grants eligibility criteria which previously included a requirement for 12 months' of continuous membership before a member is eligible to apply for these funds. It was agreed that the eligibility criterion surrounding the required length of prior membership should be reduced to 6 months for multi-year members to make this funding more accessible for members.

Seventeen percent of the Society's membership is located outside the UK, across 96 countries. With PPL journals also having a strong international focus (with 90% of their readers and over 85% of its authors based outside the UK), extending and continuing to engage this global audience is important. The geographical spread of Editorial Board members is at the forefront of journal strategies, with members sought from across the UK, non-UK Europe, The Americas, Asia and Oceania, to reflect the diversity of the molecular bioscience community.

Portland Press awarded 32 poster prizes/sponsorship to the total value of £8,700 in 2018. These prizes were offered by the Society's journals at a variety of international meetings to support the molecular bioscience community, promote scientific research and raise the profile of the journals' portfolio and the Biochemical Society.

In the Society's scientific events programme, two meetings were held outside of the UK in 2018 (in The Netherlands and Italy). To further increase accessibility and disseminate the depth of the scientific knowledge shared at our scientific meetings, the Society began to trial live-streaming at a selection of events and providing on-demand access to lectures. This work was also boosted by the Society's online training course 'R for Biochemists 101', which is freely available to those in low-income countries. The course ran three times in 2018, providing training to 155 scientists in the UK and internationally.

Supporting the next generation of biochemists

In 2018, eight training activities (events and online courses) took place, enabling us to reach 307 delegates (cf. 259 in 2017 and 242 in 2016). In addition to these activities, in 2016 the Society developed, in collaboration with the University of East Anglia and FutureLearn, a Massive Open Online Course (MOOC) – Biochemistry: The Molecules of Life. Over 2,700 people signed up for this course in the last 12 months, contributing to more than 20,000 individuals from >120 countries having signed up for this course since it launched.

As part of our work to support the next generation of biochemists, the Society provides careers-related resources and attends events to promote the excitement and breadth of careers in the molecular biosciences. We were involved in nine different careers-related events in 2018, reaching undergraduates, postgraduates, careers guidance professionals and scientists in academia and industry.

Three new careers posters were also launched at the ASE Annual Conference in January 2018. A fourth poster was developed and published in Autumn 2018; this collection of posters profile the diversity of job roles and research areas in biochemistry.

Other resources designed to engage students and young people interested in biochemistry include our dedicated website, SciberBrain, which aims to support secondary and further education teachers in running class discussions about controversial aspects of science. In 2018 we launched a new section on prenatal genetic diagnosis. The fourth in the *Understanding Biochemistry* series in *Essays in Biochemistry* (targeted at post-16 students and undergraduates) was also published in Autumn 2018, covering two topics: 'The Molecular Basis of Disease' and 'The Genetic Basis of Disease'. Since the *Understanding Biochemistry* series of open access articles were first published in 2015, they have been downloaded a total of 176,000 times.

In 2018 the Society continued to support secondary and further education science teachers via the STEM Insight scheme. This scheme offers unique opportunities for teachers to experience life in modern industry or academia. The Society provided £25,000 towards bursaries for teachers to attend these placements. In 2018 the scheme delivered a total of 32 bioscience placements (cf. 16 in 2016 and 24 in 2017).

Promoting and sharing knowledge

All of the Society's scientific meetings and training events are designed to facilitate the sharing of knowledge and expertise. The scientific meetings programme provides opportunities for participants to submit abstracts for poster presentation or oral communications, which is particularly useful to Early Career researchers, supporting the dissemination of scientific research and promoting a sense of collaboration amongst the bioscience community.

During 2018, the Society organized 12 Scientific Meetings and two Harden Conferences. The Harden Conferences branding was updated, and this event format was reassessed to establish the uniqueness of the Harden Conferences and their value to the community. This included developing a new Harden Conference logo, highlighting the Society's role in this well-regarded conference series, which encourages an open forum to promote critical discussion around a specific topic.

The Society also offers sponsorship towards scientific meetings run by other organizations. During 2018, the Society provided sponsorship to 15 events of the total value of £7,500.

The relationship between the Society and PPL is important, not only due to the income PPL generates to support our charitable objectives, but also because publishing activity provides a crucial mechanism through which the Society fulfils its mission-led activities of disseminating knowledge, bringing together bioscientists and sharing scientific research.

As part of our on-going review of relevant policies, in 2018 the Society's Publications Committee recommended various updates around authorship, peer review and plagiarism checks to continue to maintain a high level of quality content and research. The Committee also scoped and approved a new data policy for content in the Society's journals published via PPL.

The number of published articles across the Biochemical Society's journals portfolio increased by 23% in 2018 compared with 2017. Total article submissions to our journals were up 36% on the previous year, and 16% above our 2018 target. The highest growth in publications came from the fully Open Access (OA) journal *Bioscience Reports* which published 77% more articles in 2018 than in 2017.

Alongside overall portfolio growth and PPL revenues that exceeded target in 2018, a proactive stance on OA, alongside a drive over the past several years to support OA publishing, has led to continued increases in the proportion of OA outputs across the Society/PPL journals in 2018.

PPL achieved income of £4.48m against a budget of £4.38m. This primarily came from journal renewals (subscriptions), as well as new customers and upselling of publications. For the first time in its history, up to 17% of total income for 2018 was from payments for OA publishing, representing a 79% increase in OA income for 2018 compared with 2017.

The Biochemist magazine was brought into the portfolio of the Publishing team in April 2018. Moving the magazine resulted in several benefits including harnessing the expertise from the

Editorial team regarding commissioning, dissemination of content and improving efficiencies from the systems already in place for the journals.

To promote and share knowledge, the Society also supports students and researchers to communicate their work to the public and encourages public engagement with biochemistry and the molecular biosciences. In 2018 this included developing a new public engagement activity on the use of light in biochemistry, entitled *Full Beam*, which is available as a freely downloadable resource on the Society website.

Work continued on the popular *Scientific Scissors* public engagement activity. This activity is also available as a kit on the Society website and we received funding from FEBS to develop some public engagement videos and a language-neutral version of the *Scientific Scissors* cards, which is available on the Society's website and the FEBS website in early 2019.

A successful 'Art & Science exchange' workshop was held in February 2018 in partnership with Central St Martins - University of the Arts London. We are looking to expand this area of work in 2019.

In addition to this art and science workshop, the Society attended and/or supported 16 other public engagement events in 2018, including a combination of public debates (e.g. British Science Festival and Biology Week debate at the Royal Institution), science events and other festivals. Ten of these were attended as part of the 'Biology Big Top', a public engagement partnership involving several learned societies and other bioscience organizations. These events enabled the Society to have in the region of 7,000 direct interactions with members of the public engaging with our work.

Promoting the importance of our discipline and through this, the broader life sciences
The policy landscape is changing with the potential withdrawal of the UK from the European Union. The impact this will have on the molecular biosciences sector is not yet completely realized; however, as part of the Society's policy work, we have been closely monitoring issues related to this to engage members wherever possible.

We currently have 95 members signed up to our Policy Network. This group regularly contribute to consultation responses and policy statements and members are actively encouraged to get more involved in helping to shape science policy. Key areas of interest have been focused around immigration policy, antimicrobial resistance and scientific research funding.

In 2018, the Society fed into 15 consultation responses with the RSB and CaSE as well as responding to two consultations directly [Health & Social Care Committee and the Medicines and Healthcare Regulatory Agency (MHRA)].

We also continued to take part in Voice of the Future and Parliamentary Links Day as well as being involved in STEM for Britain – where one of our Policy Advisory Panel members was one of the judges – and Evidence Week, organized by Sense About Science. These events are organized to help bridge the gap between science and policy. In addition to these activities, we supported the RSB Policy Lates event on diversity and inclusivity, as part of Biology Week, and worked in partnership with the RSB and other learned societies to run four Policy Lunchbox events. Most of these events were live-streamed by the Society, resulting in an additional reach of more than 1,900 views.

Brexit remains a topic of keen interest and we continued to co-fund a Brexit policy officer at CaSE. Other Brexit-related activities included reporting on news stories, responding to government inquiries and communications via our blog and *The Biochemist* magazine. The

Chair of the Society, Professor Anne Dell, represented the Biochemical Society at the UK Parliament's Science & Technology Committee's Brexit Summit in March 2018.

Alongside engaging our members in science policy matters and ensuring the voice of the molecular bioscience community is heard, the Society continues to promote the very best of the sector through its annual awards. Eleven eminent scientists and exceptional early career researchers were honoured in 2018. Each winner exemplified the very best of the bioscience community in fields ranging from cell and developmental biology to endocrinology.

Ensuring sustainable support for the advancement of science

Work to replace the Society's membership system (TIMSS) began in 2018, with the move to the new system completed in March 2019. This new membership system will offer opportunities to develop more targeted member communications and further build membership engagement. The next phase of development will be to incorporate grants and awards processing into this system which will consolidate various procedures to improve functionality and efficiency.

PPL generated total revenues in excess of £4m exceeding budget in 2018; this supported a surplus of £2.41m returned to the Society in 2018 in support of its charitable activities.

The Charles Darwin House Consortium agreed to sell Charles Darwin House (CDH 1 and 2) in 2018 which was completed at the beginning of 2019. In advance of an office move, the Business Technology infrastructure (including security and integration guidelines) has been improved, which also supports the ability of staff to 'work anywhere'.

In 2018, the Editorial and Marketing staff teams were restructured. These strategic changes were introduced to strengthen these departments and ensure appropriate resource was available to effectively support the Society and PPL's portfolio of activities.

To help progress the final elements of the implementation of the Society's Finance Review, interim finance specialists were recruited to manage this transition. In addition to this, new Auditors and Solicitors were also appointed.

Governance and Management

Governance Committee Structure

During 2018, the Biochemical Society delivered its mission and charitable objectives through its members, who were represented on the Council of Trustees and its contributing thematic sub-committees, as well as the Executive Management Committee.

Council of Trustees

The Council of Trustees is the governing body of the Biochemical Society. It meets four times a year and addresses Society strategy and matters reserved for consideration by Directors/Trustees. Its full composition is detailed on page 16 of this report. It has two 'Balance Positions' which are to be filled when the Society has strategic need. At the time of writing, one of these positions was occupied by a representative from Industry. The second position remains vacant.

During the period covered by this report, there were 14 Trustees, decreasing to 13 Trustees from 14 March 2019, as shown on page 16.

On 3 May 2018, the Executive Management Committee made the proposal that the membership did not need to be represented by a single Membership Secretary at Trustee level, but that it would be more appropriate for representation to reflect the diversity of the sector and support the Society's strategic goals. At their meeting on 24 May 2018, the Council of Trustees agreed that the role should be removed from the constitution following the end of the term of office of the post-holder at the time. The three remaining membership-focused Trustees (Early Career Bioscientists' Representative, Local Ambassador Representative and Industry Representative) were to have general oversight of matters related to membership, with key decisions (e.g. approving new membership categories or fees) retained by the Council as a whole. This Trustee role was removed from the *Articles of Association* by Special Resolution at a General Meeting of the Membership held on 14 March 2019.

Executive Management Committee

The Executive Management Committee has the remit of overseeing the implementation of Society strategy, as set by the Council of Trustees. It meets a minimum of five times a year and met eight times in 2018. It comprises the Chair of the Executive Management Committee, the Honorary Treasurer, the Chair of the PPL Board, an Independent Member (not otherwise appointed to a Society Committee) and the Chief Executive Officer.

Audit Committee

All audit activity is initially managed by the Audit Committee, which is chaired by an independent appointee from outside the Society membership with demonstrable skills in compliance and audit-related matters. The Honorary Treasurer attends by request. The President of the Society may not attend these meetings.

Finance Committee

The Finance Committee has delegated authority to oversee financial matters on behalf of the Council of Trustees and make recommendations for action. Final authority remains with the Trustees. It meets four times a year and, within 2018, comprised of the Honorary Treasurer, Chair of the Executive Management Committee, Honorary Membership Secretary, Chair of the PPL Board and an Independent Member from outside the membership with expertise in financial matters. Following the removal of the Honorary Membership Secretary role in March 2019, the Council of Trustees approved the recruitment of an additional Independent Member within 2019.

Additional Sub-Committees

In addition to the above, within 2018, the Council of Trustees also had the following sub-committees:

- Awards Committee
- Grants Committee
- Scientific Activities Committee
- Conferences Committee
- Education, Training and Public Engagement Committee
- Publications Committee
- Policy Advisory Panel
- Nominations Panel

In November 2018, the Trustees decided to disband the Scientific Activities Committee electing instead to cover off the matters under discussion within this sub-committee within the Council proper.

Elections and Appointment of Trustees

The Society is keen to encourage as wide a representation of its members as possible amongst its Trustees. Members are invited to stand for election through announcements placed on the website and delivered by email, or via post if no valid email address is held. During 2018, the Society used the MiVoice election and nomination management system, which streamlines the process for members to both nominate and vote, and adds a new layer of external scrutiny. The nominations and elections process is overseen by the Nominations Panel and scrutinized by the Audit Committee. These Committees are mindful of the particular skills of existing Trustees and Committee members and areas of Trustee skills that might be strengthened.

Corporate Status and Constitutional Documentation

The Society is a charity registered in England and Wales and was incorporated by guarantee on 25 November 1966. It has no share capital and the liability of each member is limited to £1.00. The governance document is the [Articles of Association](#) (2019), which can be found on the Society's website, on Companies House, or available by request.

The Society's Trustees are also Directors of the Company. Trustees pay due regard to the Charity Commission guidance on public benefit and commission annual audits of Society activities to ensure compliance.

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of the Biochemical Society for the purposes of Company Law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable legislation and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 for the Charitable Company and of the incoming resources and the application of resources 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 of the Charities Statement of Recommended Practice and FRS 102;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial standards;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable organization will continue in business.

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 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.

The Trustees confirm that:

- Insofar as each Trustee is aware, there is no relevant audit information for which the Charitable Company's Auditor is unaware;
- The Trustees have taken all the steps that they ought to have taken as Trustees to make themselves aware of any relevant audit information and to establish that the Charitable Company's Auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom (particularly in England and Wales) governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustee Induction and Access to Training

New Trustees receive, on appointment, an induction pack consisting of all key Society governance documents (including the *Articles of Association* and Society By-Laws), the Annual Accounts for the previous financial year, an outline of the responsibilities of key Officers of the Society, Terms of Reference for all Society Committees and sub-Committees, and the Society Risk Register. Trustees who will have specific responsibility for a Committee/sub-Committee also receive copies of the minutes from any appropriate meetings that have taken place within the last twelve months.

At appointment, Trustees are required to sign-up to the *Code of Conduct* containing a confidentiality agreement and register any applicable interests upon the Society's *Interests Register*, which is available for review on request. This information is managed and maintained by the Company Secretary and is reviewed at the beginning of all Trustee meetings.

All Trustees are invited to attend an induction day comprising introductory sessions on charity management, charity law, governance, and the responsibilities of Trustees. They also receive an introduction to Society staff and departments along with a tour of the Society's facilities. Where Trustees require additional skills, or enhancements to pre-existing skills, requests are managed in-house and external training is provided.

Portland Press Limited

PPL is a trading subsidiary wholly owned by the Biochemical Society, responsible for publishing, marketing, selling and distributing the Society's journals, books and other publications, as well as offering related services to third parties.

PPL has its own Board of Directors, on which sit three Trustees of the Society. The full membership of the Board of Directors of PPL in 2018, is listed on page 17.

Management of the Society's business and activities

The Trustees have delegated the authority to manage the Society to the Chief Executive who reports on the performance of the Society against the strategic and operational plans approved by the Trustees. The Chief Executive is supported by the Senior Management Team comprising the Director of Operations, the Director of Publishing and the Director of Society Programmes, who progress the Society's activities and strategy, and deputize for her in her absence. All Heads of Department report to a member of this Senior Management Team.

Charles Darwin House Limited

Charles Darwin House Limited (CDH Ltd) holds the legal title to the properties on trust for the beneficial owners of the properties; the beneficial owners being the Biochemical Society, Royal Society of Biology (RSB), British Ecological Society (BES), Society for Experimental Biology (SEB), Microbiology Society (MS) and Society for Applied Microbiology (SfAM). The properties are held in this way in the shares set out in the *Co-ownership Agreement* which has been put in place to govern the relationship between the various parties.

In 2018 the Trustees of the Biochemical Society, and all other beneficial owners, elected to sell both properties under the management of CDH Ltd (12 Roger Street and 107 Gray's Inn Road) and relocate their office premises in 2019.

Biochemical Society Trustees

The following are Members of the Council of Trustees (Board of Trustees and Directors of the Society) or were members of the Council of Trustees for the year under review and up to the date of this report:

Sir Pete Downes	President
Anne Dell	Chair, Executive Management Committee (EMC)
Frank Sargent	Honorary Treasurer
Nicola Gray	Honorary Membership Secretary (to 31 December 2018)
Stefan Roberts	Honorary Meetings Secretary
David Pye	Honorary Policy Officer
Richard Reece	Chair, Portland Press Limited Board of Directors
Robert Beynon	Chair, Education, Training and Public Engagement Committee (to 31 December 2018)
Helen Watson	Chair, Training Theme Panel (to 31 December 2018)
Helen Watson	Chair, Education, Training and Public Engagement Committee (from 1 January 2019)
Luciane Vieira de Mello	Chair, Training Theme Panel (from 14 March 2019)
Michelle West	Chair, Basic Biosciences Theme Panel
Joanne Edwards	Chair, Clinical and Translational Theme Panel
Martin Pool	Local Ambassador Representative
Dominika Gruszka	Early Career Researcher Representative
Malcolm Weir	Industry Representative

Directors of Portland Press Limited

The following were Directors of Portland Press Limited for the year under review:

Richard Reece	Chair, Portland Press Ltd Board of Directors
Matthew Cockerill	Non-Executive Director
Philip Garner	Non-Executive Director
Peter Richardson	Non-Executive Director
Anne Dell	Non-Executive Director and Chair of the EMC, Biochemical Society (to 31 July 2019)
Frank Sargent	Non-Executive Director and Honorary Treasurer, Biochemical Society (from 1 January 2018)
Kate Baillie	Executive Director and Managing Director, Portland Press Ltd and CEO, Biochemical Society
Niamh O'Connor	Executive Director (to 25 May 2018)

Senior Management Team

Kate Baillie
CEO, Biochemical Society and Managing Director, Portland Press Limited
kate.baillie@biochemistry.org

Adam Hughes
Director of Operations
adam.hughes@biochemistry.org

Niamh O'Connor
Director of Publishing (to 25 May 2018)

Malavika Legge
Acting Director of Publishing (26 May to 5 December 2018)
Director of Publishing (from 6 December 2018)
malavika.legge@portlandpress.com

Hannah Russell
Director of Society Programmes
hannah.russell@biochemistry.org

Public Benefit Statement

The Biochemical Society is the UK's largest single-discipline learned society promoting the advancement of molecular bioscience. The Society's activities support the development of individual and collective understanding of biochemistry through dissemination of research and the provision of resources and activities to support the education of students, researchers and the general public. The molecular biosciences impact on many areas of science including biotechnology, agriculture and medicine, helping to play a key role in tackling global issues such as improving lifelong health, treatment of disease, biotechnology and food security.

The Trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit "Charities and Public Benefit".

Key Contacts

Bankers

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WC2R 0QS

National Westminster Bank Plc
100 The Crescent
Colchester
CO4 9GN

Solicitors

Bates Wells Braithwaite
10 Queen Street Place
London
EC4R 1BE

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Investment managers

Newton Investment Management Ltd
(part of BNY Mellon)
160 Queen Victoria Street
London
EC4V 4LA

Registered office

5th Floor
90 High Holborn
London
WC1V 6LJ

Company Secretary

Adam Hughes
adam.hughes@biochemistry.org

Plans for Future Periods

In March 2019, the Council of Trustees ratified the Society's strategy for the next three years, which covers the period of 2019 – 2021. The six core objectives have been developed in partnership with our Trustees, committee members and staff team. The strategy covers both Biochemical Society activities and those of our wholly-owned publishing subsidiary, Portland Press Limited.

Core objectives

Bring together molecular bioscientists

This involves expanding our offerings for early career bioscientists, building engagement and industry involvement across our activities, extending our international links and networks, and continuing to foster diversity and equal opportunity for entry and progression in our discipline.

Support career development and lifelong learning

We will continue to provide learning and networking opportunities for all those studying and working across the depth and breadth of molecular bioscience roles in academia and industry. This includes supporting the future pipeline of molecular bioscientists and working with teachers at all levels to support students.

Encourage wider dialogue and work collaboratively across and beyond our community

The Society will give a voice to our community to influence the changing culture of science, through communicating the sector's work to policy-makers and via public engagement. We will deliver and implement a plan for a sustainable transition to Open Access and Open Scholarship, whilst maintaining strategic collaboration with learned societies and other organizations across and beyond the STEM sector, reflecting the increasingly multidisciplinary nature of our community.

Promote and share knowledge

We will develop the PPL portfolio to offer a home for every paper published within the molecular biosciences, growing to encompass the broader life sciences. The Society will continue to provide a variety of opportunities to share research via its diverse scientific meetings and training events programme, and increase accessibility to these activities.

Promote the importance of our discipline and through this, the broader life sciences

Through our marketing, communications, publishing and policy activities, the Society and Portland Press will continue to raise the profile of the molecular biosciences and its valuable contribution to society.

Continue to ensure sustainable support for the advancement of science

We will ensure operational excellence across the organization through effective use of governance, business technology, finance and human resources.

Key activities

In order to deliver these objectives, over the next three years, we will carry out the following activities:

- Grow paid membership to 7,000 members;
- Continue to grow and nurture the Society's Ambassador networks (academic, industry, international and student schemes);
- Utilize the new Early Career Advisory Panel to inform our activities and explore opportunities to develop specialist panels for other groups such as postgraduate members;
- Introduce professional registration as an option for Society members, working in partnership with the Royal Society of Biology and the Science Council;
- Review and develop the Society's grants and bursary portfolio to support scientists throughout their career;
- Explore new ways to support postgraduates and Early Career molecular bioscientists with careers-related activities and promote opportunities through our Jobs Board;
- Expand the reach of our scientific events portfolio – including live-streamed scientific meetings and online training as well as face-to-face events;
- Continue to focus on supporting industry and academic placements for undergraduates, teachers and post-16 students;
- Broaden our careers offering to younger (pre-16) and older (postgraduate and early career) audiences;
- Continue to expand our public engagement offering, supporting our members and wider community to deliver activities through grants, downloadable kits and training;
- Launch a new art and science initiative, providing opportunities for members to work in partnership with their local community;
- Increase our policy and public affairs activity to engage our community with key policy issues relating to molecular biosciences and represent their views in order to influence science and education policy;
- Increase the quality, number and breadth of articles published across our journal portfolio;
- Engage with institutions, funders and other societies to assess commercially viable offerings to facilitate a sustainable transition to Open Access;
- Migrate to a new publishing platform that serves the emerging needs of researchers and institutions;
- Diversify revenues away from journal subscriptions and beyond Open Access;
- Continue to increase geographic and gender diversity on Editorial Boards across the journal portfolio and implement an inclusivity plan extending to involvement of Early Career researchers in peer review and the wider publications process;
- Strengthen our marketing and communications activity to support the delivery of our strategic objectives and extend our reach;
- Launch a new website that is developed in consultation with key stakeholders, that is mobile-responsive, fully accessible and integrated with other digital activity;
- Develop our digital activity, particularly regarding *The Biochemist Blog*, to ensure we remain relevant and up-to-date on the latest trends; and
- Leave the Charles Darwin House (CDH) Consortium and relocate to new premises, considering the ongoing value to the Society of property investment.

Financial Review

The Group's results for the year are set out in the Statement of Financial Activities on page 33. The financial statements have been prepared in accordance with FRS102 and the Charities SORP 2015.

Treasurer's Report

On an operating basis, and before accounting for other recognized gains and losses, the Group made a surplus for the year of £488,000 (2017: £461,000).

The majority of the Society's funding comes from publishing activities (see below). Other major sources stem from membership subscriptions, conference registration fees and sponsorship, totaling £827,000 (2017: £679,000) and investment income of £217,000 (2017: £230,000).

The Society's charitable expenditure, excluding Portland Press trading activities, amounted to £2,803,000 (2017: £2,624,000).

Portland Press Limited, the Society's trading subsidiary, made a pre-tax profit for the period of £2,411,000 (2017: £1,845,000 profit). These profits will be distributed to the Society during 2019 under gift aid and are included in the figures stated above.

The Biochemical Society Staff Pension Scheme, a defined benefit scheme, was closed to new entrants and future accrual from March 2011. The Society currently offers staff the opportunity to be members of the Universities Superannuation Scheme, a multi-employer defined benefit scheme. In line with Pensions regulations, this is the scheme in which all Society employees are initially 'auto-enrolled'.

The Society accounted for net losses on investments of £513,000 from equity investments and the CDH investment properties. This was mainly due to the fall in the property market reflecting the impact of Brexit (2017: £326,000 gain).

After accounting for these items, the Group made a net surplus of £746,000 (2017: £279,000) for the year, with closing reserves of £9.9 million (31 December 2017: £9.1 million).

In January 2019, the Biochemical Society, along with the five other co-owners of CDH Ltd (RSB, BES, SEB, MS and SfAM), sold their building at 12 Roger Street for £12,850,000 (the Biochemical Society's share of which was £3,777,900 before tax and fees). The gain on this transaction was £1.4 million. At the time of writing, the second CDH building at 107 Gray's Inn Road is under offer.



Professor Frank Sargent
Treasurer
Date: 7 August 2019

Reserves Policy and Going Concern

The Society plans to fund its ongoing charitable activities from its free reserves.

The Society considers free reserves to be the unrestricted funds not designated for other purposes and readily available in the short to medium term. For this purpose, free reserves are calculated as 'Other Charitable Funds' less the value of investment properties. As at 31 December 2018, free reserves amounted to £4.3 million (2017: £3.9 million). The Trustees will review the reserves policy after the CDH properties have been sold and new permanent offices have been found. The risks involved in this process will be considered at the same time.

The Trustees consider it ideal to maintain a level reserves representing 12 months of committed Society expenditure, including pension scheme deficit funding, with lower and upper bounds of 6 to 18 months. This policy is intended to provide a sufficient buffer without accumulating unnecessary levels of reserves.

As at 31 December 2018, the Society had free reserves sufficient to cover 11 months of charitable expenditure. This is within the level of free reserves as outlined by the policy. In the opinion of the Trustees, the Society has adequate reserves to continue its activities for the foreseeable future and therefore consider the Society as a 'going concern'.

In 2019, the Society's Trustees will consider the reserves policy following the sale of both Charles Darwin House properties.

Investment Policy

The Articles of Association give the Trustees the power to invest as necessary for the promotion of the objects of the Society.

The Society's equity investment assets are managed through a pooled fund, the 'Newton Growth Fund for Charities'. This fund allows exposure to investments which would not be economically available to the Society within a segregated fund and provides a cost-efficient means of investment management. All our investments are ethically screened.

The delegated management of investment assets remains with Newton Investment Management Limited, a subsidiary of BNY Mellon. The overall investment objective is to maximize the total investment return over the longer-term without taking undue risk. This objective is to be achieved principally by investing in the Newton Growth Fund for Charities. Total investment performance is expected at the minimum to exceed, over the medium to long term, the returns to be achieved on cash deposits.

No investments are made into companies predominantly involved in the production of tobacco products or armaments.

Although a reasonable and consistent level of income and growth is expected, the performance of the investment managers is essentially judged on the total return of income plus capital growth minus investment management fees. The performance of the unrestricted fund investments is benchmarked against a parcel of indices. The managers are expected to outperform these indices. The unrestricted equity investment fund outperformed its comparative index over the year achieving a return (including income) of nil % against a comparative index performance of -4.2%. At 31 December 2018, the unrestricted investment portfolio was valued at £4,638,731 including cumulative unrealized loss of £135,000.

Remuneration Policy

The Trustees, being the Non-Executive Directors of the Society, receive no direct remuneration for the duties they undertake on behalf of the Society. Senior management remuneration is benchmarked against similar positions within the sector and against comparative professional positions where applicable.

Principal Risks and Uncertainties

The main risk to the Society is that of its income being insufficient to match its expenditure. The Trustees believe that procedures, including regularly updating business and strategic plans, along with close monitoring of management accounts against budget, will address this risk.

Risk Management

In addition to overseeing the annual audit, the Audit Committee undertakes a detailed annual review of the Society's *Risk Register*, wherein measures to mitigate individual risk are agreed and monitored. The outcomes of these reviews are reported to the Trustees and inform their deliberations when making decisions affecting the Society.

Financial Risk Management Objectives

The main financial risk to the Society continues to relate to its dependency on income from publishing activities. Changes in financial models within the journal publishing sector create some uncertainty in the sustainability of certain revenue streams and their respective surplus margins. In particular, these include the move away from the subscription to Open Access model, and the impact of cOAlition S and associated initiatives from research funding bodies. Working with its wholly owned training subsidiary, Portland Press Limited, the Society continues to proactively engage with developments in this area.

There is a risk associated with the future deficit funding requirements of the defined pensions arrangements pertaining to Society staff through both the Biochemical Society Staff Pension Scheme, closed to new entrants and future accrual from March 2011, and the Universities Superannuation Scheme, currently available to employees. The Society engages proactively with both schemes to ensure sustainable recovery plans are in place enabling greater security within the pension schemes without hindering the Society's ability to develop and grow. Further details of these schemes can be found in Note 17 of the accounts.

The volatility of equity returns is an identified financial risk that is closely monitored by the Finance Committee and the Trustees of the Society who give due consideration to a variety of investment models both to minimize exposure to losses and maximize returns on assets. Finally, the sale of both CDH properties, as well as the relocation of the Society's office premises presents a risk to the Society. This is managed by the Executive Management Committee, Finance Committee and Trustees, ensuring decisions around this area are sound and based upon best practice where possible.

Trustees' Approval

In Approving the Trustee's Report, the Trustees are also approving the Strategic Report in their capacity as Trustees of a charitable group.



Professor Sir Pete Downes
President
Biochemical Society



Professor Anne Dell
Chair, Executive Management Committee
Biochemical Society

Independent Auditor's Report to Members of the Biochemical Society

Opinion

We have audited the financial statements of the Biochemical Society ("the Parent Charitable Company") and its subsidiary ("the Group") for the year ended 31 December 2018 which comprise the principal accounting policies, the consolidated statement of financial activities, the consolidated and Society statement of financial position, the consolidated statement of cash flows and notes to the financial statements. 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 Group's and of the Parent Charitable Company's affairs as at 31 December 2018 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related 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 Group or the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Trustees' Report, other than the Financial Statements and our Auditor's Report thereon. The Trustees are responsible for the other information.

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.

Opinions 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, which includes the Directors' Report and the Strategic Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report, which are included in the Trustees' Report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic Report or 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 by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Responsibilities of the Trustees, 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent 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 Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as Auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the 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 Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Julia Poulter (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, Date 14th August 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial Statements for the period ended 31 December 2018

Principal Accounting Policies

The financial statements have been prepared in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102), and with the Companies Act 2006. The financial statements reflect the adoption of amendments to FRS 102 – Triennial Review 2017.

The financial statements are prepared on a going concern basis. In considering going concern, the Trustees have reviewed the Society's future cash requirements and earnings projections and have concluded that the Society will be able to operate without requiring any external funding and therefore believe it is appropriate to prepare the financial statements of the Society on a going concern basis. This is supported by the Society's liquidity position at the year end.

The financial statements have been prepared under the historical cost convention except that investments are valued at fair value (see below) and leasehold properties are shown at their revalued amounts. The principal accounting policies of the Group, judgements and key sources of estimation uncertainty in the preparation of the financial statements are set out below and have been consistently applied to the years presented, unless otherwise stated. The financial statements are prepared in sterling which is the functional currency of the Group and rounded to the nearest £'000.

Basis of consolidation

The Group financial statements consolidate those of the Society and of its principal subsidiary undertaking drawn up to 31 December 2018. Surpluses or deficits on intra-group transactions are eliminated in full. The results of the trading subsidiary have been incorporated on a line-by-line basis.

A separate Statement of Financial Activities and Income and Expenditure Account for the Society have not been presented because the Society has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

CDH Limited is not consolidated as it is a non-controlling investment (see note 19). The Biochemical Society meets the definition of a public benefit entity under FRS 102.

Use of judgements and estimates

In preparing these consolidated financial statements, management has made certain judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Information about assumptions used and estimation uncertainties in the year ending 31 December 2018 is included in the following note:

Note 16 – Pensions

Certain of the Group's accounting policies and disclosures require the measurement of fair values. Where third party information, such as broker quotes or pricing services, is used to measure fair values, then evidence is obtained from third parties to support the conclusion that such valuations meet the requirements of FRS 102.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 6 – Tangible Assets

Note 9 – Investment Properties

Income recognition

Income is recognized when the Group has entitlement to the funds, any performance conditions attached to the income has been met, it is probable that the income will be received, and the amount can be measured reliably.

Donations and gifts are included in full in the statement of financial activities when receivable, provided that there are no donor-imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the precondition has been met.

Investment income comprises dividends receivable during the accounting period and interest receivable on listed and unlisted investments. Rental income is recognized in the period to which it relates.

Income against subscription sales of journals is deferred across evenly divided amounts throughout the annual duration of the subscription. Open Access income is recognized, on a per-article basis, in the month that the relevant article is published.

Membership fees are recognized as income in the period for which the customer has paid for access to the goods and services. Amounts received for future periods are included in creditors as subscriptions in advance (note 14).

Distribution and professional conference organizing income represents fees chargeable for work performed in the period.

Amounts collected on behalf of external clients and not yet paid over are included in other creditors (Note 14).

Meetings and conference income is recognized in the period in which the meeting or conference is held.

Expenditure

Expenditure is recognized once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of resources. Premises overheads have been allocated on a floor area basis, IT costs on the basis of headcount, and administration and finance costs on the basis of time spent on those areas by staff.

Costs of generating funds are those costs incurred in attracting voluntary income, in managing the Society's investments, and those incurred in trading activities that raise funds. Charitable activities include expenditure associated with the core work of the Society in promoting the advancement of biochemistry.

Governance costs include those incurred in the governance of the Group and its assets and are primarily associated with constitutional and statutory requirements. These costs are shown as part of charitable activities.

Allocation of support costs

Support costs are those functions that assist the work of the Society but do not directly undertake charitable activities. These costs have been allocated between costs of raising funds and expenditure on charitable activities. Costs are allocated through activity-based costing using the most appropriate method e.g. staff time, transaction numbers, floor space.

Property, plant and equipment depreciation

In general, fixed assets costing less than £500 are not capitalized.

Property plant and equipment are measured at cost, or fair value, less accumulated depreciation and any accumulated impairment losses. For the freehold property, the fair value as at 1 July 2014 has been deemed to be the cost in accordance with the transition arrangements permitted by FRS 102.

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost or valuation, less estimated residual value, of each fixed asset held for charity use by equal annual instalments over their expected useful economic lives.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The periods generally applicable are:

- Freehold property (excluding land): 50 years
- Long leasehold properties: period of lease
- Equipment and furniture: 3–5 years

Freehold property is included in the statement of financial position at deemed cost and long leasehold property is included at fair value.

Intangible assets

The costs of developing the new membership fulfilment system were capitalized as an intangible asset. This is being amortized over 3 years.

Investment properties

Investment properties are measured at fair value. The surplus or deficit on revaluation is recognized in the statement of financial activities. No depreciation is provided in respect of the investment properties in accordance with the FRS 102 applicable in the UK. Such properties are held for their investment potential and not for consumption within the business. This is a departure from the Companies Act 2006, which requires all properties to be depreciated.

Investments

Investments are measured at fair value at the statement of financial position date. Net gains and losses arising on revaluations and disposals during the year are included in the statement of financial activities. Those investments that are not publicly traded and whose fair value cannot otherwise be measured reliably are recognized at cost less impairment.

Stock

Inventory of books is stated at the lower of printing cost and estimated selling price less cost to sell. No value has been placed on stock of unsold copies of books and journals published.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. All exchange gains and losses on settled transactions are reported as part of the surplus or deficit for the year.

Taxation

No provision is made for direct taxation on income as the Society is a registered charity and its income is therefore exempted from United Kingdom direct taxation to the extent that it is applied to the Society's charitable purposes.

Due to the early adoption of FRS 102 paragraph 29.14A, no tax charge arises on the profits of Portland Press Limited (PPL) where these profits are distributed to the Society under gift aid within 9 months of the period end. A tax charge does not therefore normally arise in the financial statements, except to the extent that the amount gift aided falls short of the taxable profits. These gift aid payments are recognized in the PPL financial statements as distributions through equity rather than as an expense through the statement of comprehensive income. The gift aid payments are recognized on the accrual basis where a legal obligation to make a distribution exists at year end.

Fund accounting

Restricted funds are to be used for specific purposes laid down within their objects.

Expenditure for these purposes is charged to the fund.

Unrestricted funds are incoming resources received or generated for expenditure on the general objectives of the Group.

Designated funds are unrestricted funds which have been designated for specific purposes by the Trustees.

The Fixed Asset Fund represents the net book value of the Group's fixed assets as shown in Note 6.

The revaluation reserve relates to the freehold property gain on transition to FRS 102. In 2015, and in line with FRS 102, the decision was taken to reclassify non-operational property holdings as investment assets.

Cash and cash equivalents

Cash and cash equivalents, for the purpose of the statement of cash flows, comprise cash in hand and short-term deposits with an original maturity date of three months or less, net of outstanding bank overdrafts.

Debtors

Debtors are recognized initially at fair value. A provision for impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Any losses arising from impairment are recognized in the statement of financial activities.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest model.

Termination and redundancy pay

In addition to statutory redundancy payments, enhanced redundancy pay is determined on a case-by-case basis and is conditional upon the completion of term to notice and settlement agreement. In addition to any agreed lump-sum payment, enhanced redundancy pay can also cover other items such as costs relating to specific learning and development.

Pensions

The Society operates defined benefit pension provision through two Schemes, the Biochemical Society Pension Scheme and the Universities Superannuation Scheme (USS).

Biochemical Society Pension Fund

Biochemical Society operates a pension scheme for all qualifying employees. The assets of the Scheme are held in a separate trustee administered fund. The Biochemical Society Staff Pension Scheme was closed to new entrants and future accrual with effect from 1st March 2011, and employees were given the opportunity to join the USS from this date.

The defined net benefit pension asset or liability in the statement of financial position comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. The net surplus or deficit is presented separately from other net assets on the statement of financial position. A net surplus is only recognized to the extent that it is recoverable by the Society.

The cost of providing benefits is determined on an actuarial basis using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations). The current service cost and costs from settlements are charged against operating surplus. Past costs are spread over the period until the benefit vests. Net interest on the net defined liability during the reporting period is included in other finance costs.

Re-measurements, comprising actuarial gains and losses and the return on the net defined benefit liability (excluding amounts included in net interest) are reported as other recognized gains and losses in the statement of financial activities.

Universities Superannuation Scheme (USS)

The Society participates in the USS. Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set.

The Biochemical Society is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognizes a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

Amounts received under gift aid from Portland Press Limited (PPL)

PPL is a wholly owned subsidiary undertaking of the Biochemical Society, 5th Floor, 90 High Holborn, London, WC1V 6LJ. PPL distributes substantially all of its profits to the Society under gift aid. Income received under gift aid is credited to the Society's Income and Expenditure account on the accruals basis, where a legal obligation to make the distribution exists at year end.

Leased assets

For leases regarded as operating leases, payments made are charged to the statement of financial activities on a straight-line basis over the lease term.

Financial instruments

The Society 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.

Consolidated Statement of Financial Activities for the year ended 31 December 2018

Including Consolidated Income and Expenditure Account

		2018	2017
		Total	Total
	Note	£'000	£'000
Income from:			
Donations and sponsorship		97	87
Charitable Activities			
Scientific Conferences		403	299
Membership fees		279	266
Policy, Education, Professional		41	21
Journals and Books		4,474	3,881
Other		7	6
Other Trading Activities			
External events		-	26
Advertising		1	1
Investment income (incl. rent)	3	217	230
Total income		5,519	4,817
Expenditure	4		
Raising Funds			
External Events		-	-
Investments		104	78
Charitable Activities			
Membership recruitment		56	37
Membership		470	515
Grants and Awards		277	299
Scientific Conferences		907	756
Policy, Education, Professional		501	488
Journal and Books: Production		1,867	1,792
Journal and Books: Distribution		27	42
Administration: Portland Press Limited		299	359
Governance Costs		250	267
Other			
Interest on defined benefit pension schemes		111	55
Taxation		-	-
Total Expenditure		4,869	4,688
Net (losses) / gains on investments			
Realized	8 & 9	-	6
Unrealized (loss) / gain		(162)	326
Net Income before other gains c/f		488	461

Consolidated Statement of Financial Activities for the year ended 31 December 2018 (cont.)

		2018	2017
		Total	Total
	Note	£'000	£'000
Net Income before other gains b/f		488	461
Other recognized gains and losses			
Unrealized losses on Investment properties		(351)	
Realized gain on sale of leasehold property		120	
Investment impairment release		1	7
Actuarial losses on defined benefit pension scheme	16	488	(189)
Net Movement in funds relating to the year		746	279
Fund balances brought forward 1 January		9,128	8,849
Fund balances carried forward 31 December		9,874	9,128
Analysis of fund balances			
Revaluation reserve		1,597	339
Restricted funds		1,040	1,098
Unrestricted funds		7,237	7,691
		9,874	9,128

The financial activities above include £5,298k of net incoming and £2,803k of outgoing resources relating to the charity. Further details are included in Note 18.

Total income including interest receivable comprises £5,500,000 for unrestricted funds and £19,000 for restricted funds. A detailed analysis of income by source is provided in the statement of financial activities.

Net expenditure before other recognized gains and losses for the year of £488,000 comprises £502,000 net income for unrestricted funds and a £32,000 net expenditure in restricted funds.

Unrealized losses on investments for the year of £162,000 comprises £136,000 losses for unrestricted funds and £26,000 losses for restricted funds

There were no other gains or losses in the financial year.

The accompanying accounting policies (on pages 27 to 32) and notes (on pages 37 to 51) form an integral part of the financial statements.

Statement of Financial Position as at 31 December 2018

		Group		Society	
	Note	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Fixed Assets					
Tangible Assets	6	1,506	1,913	1,506	1,913
Intangible Assets	7	86	-	86	-
Investments	8	5,218	5,380	5,218	5,380
Investment Property	9	3,337	3,688	3,337	3,688
Total Fixed Assets		10,147	10,981	10,147	10,981
Current Assets					
Debtors	12	654	577	729	370
Cash at bank and in hand		2,579	1,963	73	77
Total Current Assets		3,233	2,540	802	447
Current Liabilities					
Creditors	13	(3,382)	(3,184)	(952)	(2,936)
Net current liabilities		(149)	(644)	(150)	(2,489)
Net Assets excluding long term pension liability		9,998	10,337	9,997	8,492
Long term Defined benefit pension liability	16	(124)	(1,209)	(124)	(1,209)
Total net assets		9,874	9,128	9,873	7,283
The Funds of the Charity					
Restricted Funds	10	1,040	1,098	1,040	1,098
Unrestricted Funds					
Fixed Asset Fund	11	1,180	1,587	1,180	1,587
Other Charitable Funds	11	6,475	4,002	6,475	4,003
Revaluation Reserve	11	1,597	2,110	1,597	2,110
Non-charitable trading funds	11	1	1,846	-	-
		9,253	9,545	9,252	7,700
Pension Reserve	17	(419)	(1,515)	(419)	(1,515)
Total Unrestricted Funds	11	8,834	8,030	8,833	6,185
Total Charity Funds	11	9,874	9,128	9,873	7,283

The financial statements were approved and authorised for issue by the Trustees of the Biochemical Society on 7 August 2019.



Professor Sir Pete Downes
President, Biochemical Society

Company number: 00892796



Professor Anne Dell
Chair, Executive Management Committee
Biochemical Society

The accompanying accounting policies (on pages 27 to 32) and Notes (on pages 37 to 51) form an integral part of the financial statements.

Consolidated 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	A	27	(411)
Cash flows from investing activities			
Dividends from investments	120	76	
Interest from investments	-	1	
Rents from investments	97	153	
Purchase of property, plant and equipment	(8)	(9)	
Purchase of intangible asset	(116)	(1)	
Proceeds from sale of leasehold property	495		
Proceeds from sale of investments	-	1,372	
Purchase of investments	-	(1,300)	
Investment of impairment release	1	7	
Net cash provided by investing activities		589	299
Change in cash and cash equivalents in the year		616	(112)
Cash and cash equivalents at beginning of year		1,963	2,075
Cash and cash equivalents at end of year	B	2,579	1,963

Notes to the Statement of Cash Flows

A. Reconciliation of net expenditure to net cash flow from operating activities

	2018 £'000	2017 £'000
Net income for the year	488	461
Depreciation	40	53
Disposal of intangible asset	30	33
Decrease in stocks	-	7
Gains on investments	162	(332)
Interest and rents from investments	(217)	(230)
(Increase) in debtors	(77)	(87)
Increase (Decrease) in creditors (Excl Pension fund)	209	(162)
Closed pension scheme deficit funding	(700)	(110)
Pension scheme costs charged	(19)	(99)
Pension schemes interest	111	55
	<u>27</u>	<u>(411)</u>

B. Analysis of cash and cash equivalents

Cash at bank and in hand	<u>2,579</u>	<u>1,963</u>
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Biochemical Society Financial Statements

1. Statutory information

The Biochemical Society is a Charity registered with the Charity Commission, registration number 253894 and is also registered as a Private Limited Company, domiciled in England & Wales, company number 0089276.

2. Income from subsidiary company

The Charity has one wholly owned trading subsidiary, which is incorporated in England & Wales as Portland Press Limited, 90 High Holborn, London, WC1V 6LJ, company number 02453983. It is principally engaged in the publication and distribution of scientific journals and books, and the provision of membership and distribution services. Portland Press pays substantially all of its profit to the Biochemical Society.

A summary of Portland Press Limited's results is shown below. Audited financial statements are held with the Registrar of Companies.

Statement of comprehensive income and retained earnings for the year ended 31 December 2018

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Turnover	4,421	3,904
Cost of Sales	(1,639)	(1,544)
	<u>2,782</u>	<u>2,360</u>
Administrative expenses	(427)	(521)
	<u>2,355</u>	<u>1,839</u>
Exchange gains	56	6
Interest received	-	-
	<u>2,411</u>	<u>1,845</u>
Reserves brought forward	1,846	1
Profit for the year	2,411	1,845
Distribution to the Biochemical Society under gift aid	(4,256)	-
	<u>1</u>	<u>1,846</u>

Portland Press Limited's Statement of Financial Position is summarized as follows:

Current Assets	2,996	4,067
Current Liabilities	(2,995)	(2,221)
	<u>1</u>	<u>1,846</u>

The turnover and profit is attributable to the publication and distribution of scientific journals and books.

Portland Press Limited taxable profit for the year was £2,410,500 (2017 £1,845,400). An amount of £2,410,500 will be distributed to the Biochemical Society under gift aid in 2019. A Deed of Covenant was established during 2018, which allowed for this distribution to be recognized in the Comprehensive Income in Portland Press Limited. This explains why the 2017 Gift Aid was not recognized in the 2017 Comprehensive Income and carried forward in reserves.

3. Investment income

	Year to December 2018 £'000	Year to December 2017 £'000
Listed investments (including unit trusts)	120	95
Rent income	97	135
	217	230

4. Analysis of expenditure

	Staff Costs £'000	Support Costs £'000	Other £'000	Year to December 2018 £'000	Year to December 2017 £'000
Cost of generating funds					
Cost of sales: external events	-	-	-	-	-
Cost of investment	7	-	97	104	78
Charitable expenditure					
Membership recruitment costs	-	-	56	56	37
Membership	263	63	144	470	515
Grants payable					
Grants to individuals	-	-	132	132	114
Daphne Jackson Trust	-	-	-	-	31
Royal Society of Biology	-	-	35	35	34
Summer Vacation Studentships	-	-	61	61	69
Scientific Outreach	-	-	23	23	25
STEM Insight	-	-	25	25	25
In2science UK	-	-	1	1	1
Scientific conferences	301	84	522	907	756
Policy, Education, Professional	252	49	200	501	488
Journal and Books: Production	783	384	700	1,867	1,792
Journal and Books: Distribution	-	-	27	27	42
Administration: Portland Press Ltd	158	89	52	299	359
Governance	97	27	126	250	267
Pension schemes interest	-	-	111	111	55
Total outgoing resources	1,861	696	2,312	4,869	4,688

The breakdown of support costs is as follows:

	Admin and Finance £'000	IT support £'000	Total Support £'000	Total 2017 £'000
Cost of sales: external events			-	1
Membership	29	34	63	61
Scientific Meetings	44	40	84	97
Policy, Education, Professional	18	31	49	44
Journal and Books: Production	55	329	384	328
Administration: Portland Press Ltd	72	17	89	109
Governance Costs	23	4	27	25
	241	455	696	665

Expenditure that was incurred by Portland Press is included above and is itemized in Note 2.

Expenditure amounting to £51,000 (2017: £30,000) in respect of restricted funds is included in other costs above. Membership expenditure includes £74,000 (2017: £102,000) for the costs of publishing and distributing *The Biochemist*.

Analysis of expenditure (cont.)

Net income / (expenditure) is after charging:

	Year to December 2018 £'000	Year to December 2017 £'000
Payments to auditor - Biochemical Society	15	17
Payments to auditor - Portland Press Ltd	15	14
Payments to auditor - taxation services	3	5
Irrecoverable VAT	37	26
Operating lease rentals - land and buildings	3	7
Depreciation of tangible fixed assets	40	53
Impairment write-off of intangible assets	30	33
	(56)	(6)

Lease commitments

Total commitments under non-cancellable operating leases in respect of land and buildings are as follows:

	December 2018 £'000	December 2017 £'000
Amount due within one year	-	7
Amount due later than one year and not later than five years	-	27
Amount due later than five years	-	317
	-	351

Lease payments amounting to £3,000 (2017: £7,000) are recognised as expenditure in the year.

The leasehold property was sold during 2018.

5. Employees

	Year to December 2018 £'000	Year to December 2017 £'000
Staff costs during the year were as follows:		
Wages & Salaries	1,481	1,540
Social Security costs	162	168
Pension costs	189	111
Staff costs before redundancy and termination	1,832	1,819
Redundancy and termination	28	53
Staff costs including redundancy and termination	1,860	1,872
Closed pension scheme deficit funding	700	110
Total staff costs	2,560	1,982

Included in pension costs is £189,000 (2017: £111,000) in respect of the defined benefit Universities Superannuation Scheme and included in the closed pension scheme deficit funding is £700,000 (2017: £110,000) in respect of the defined benefit Biochemical Society Staff Pension Scheme.

Further details on Pension Scheme costs are shown in Note 16.

Included within Redundancy and termination costs are £ 22,619 (2017: £42,653) of enhanced costs relating to redundancies.

The average number of employees of the Society during the year was 37 (2017: 37).

15 Trustees (2017: 12) have received a total of £20,249 (2017: £22,887) in respect of reimbursed travel and accommodation costs incurred in attending Society meetings. Trustees do not receive remuneration.

Employees Continued

Salaries paid during the year together with accrued redundancy and termination costs, but excluding pension contributions, exceeding an annual equivalent remuneration of £60,000 were in the following bands. Relevant Redundancy payments for employees included within these bands amount to £29,767 (2017: £43,269):

Salaries including redundancy payments	December 2018	December 2017
£60,001 to £70,000	1	2
£70,001 to £80,000	1	1
£80,001 to £90,000	-	1
£90,001 to £100,000	1	-
£100,001 to £110,000	-	1
£130,000 to £140,000	-	-
£140,001 to £150,000	-	1
£150,001 to £160,000	1	-

Salaries paid during the year, excluding redundancy payments and pension contributions, exceeding an annual equivalent remuneration of £60,000 were in the following bands:

Salaries excluding redundancy payments	December 2018	December 2017
£60,001 to £70,000	2	3
£70,001 to £80,000	1	1
£80,001 to £90,000	-	1
£90,001 to £100,000	-	-
£130,000 to £140,000	-	-
£140,001 to £150,000	-	1
£150,001 to £160,000	1	-

Key Management compensation	£'000	£'000
Salaries and short-term employees' benefits (incl NIC and pension)	489	602

The figures in column '2017' represent a Senior Management Team comprising: CEO and Managing Director; Director of Publishing; Acting Chief Operating Officer; Head of Marketing; Head of Education, Training and Policy; Head of Finance; Head of Conferences and Events; Head of Membership Engagement, and Head of Journals. The Society's management structure was reorganized mid-2017 and the Senior Management Team is now formed of the CEO and Managing Director; Director of Operations; Director of Society Programmes and Director of Publishing.

6. Tangible assets

The Society and the Group

	Freehold Property £'000	Leasehold Property £'000	Equipment & Furniture £'000	Total £'000
Cost or Valuation				
At 1 January 2018	1,591	400	226	2,217
Additions	-	-	8	8
Disposals	-	(400)	-	(400)
At 31 December 2018	1,591	-	234	1,825
Depreciation				
At 1 January 2018	77	25	202	304
Charge for the year	22	-	18	40
Disposals	-	(25)	-	(25)
At 31 December 2018	99	-	220	319
Net book value at 31 December 2018	1,492	-	14	1,506
Net book value at 31 December 2017	1,514	375	24	1,913

Included within freehold property is land of £590,000 (2017: £590,000), which is not depreciated.

The Society has elected to treat the fair value as at the date of transition to FRS102 as the deemed cost.

Tangible Assets continued

On an historical cost basis the Fixed Assets would have been stated as follows:

	£'000
Cost	2,339
Accumulated depreciation	(246)
Transfer to investments	(927)
Net book amount at 31 December 2018	<u>1,166</u>
Net book amount at 31 December 2017	<u>1,188</u>

The leasehold property at Commerce Way, Colchester was sold for £500,000 on 25 May 2018. The book value at this time was £374,775, resulting in a gain on disposal of £120,225 recognised in these accounts after £5,000 costs of disposal.

7. Intangible Assets

The Society and the Group

	Software Development £'000
Cost	
At 1 January 2018	-
Additions	116
Amortisation	(30)
At 31 December 2018	<u>86</u>
At 31 December 2017	<u>-</u>

8 Investments

	December 2018 £'000	December 2017 £'000
The Society and the Group		
Equity Investments at fair value		
Fair value at start of year	5,380	3,754
Less disposals at cost	-	-
Add: acquisitions at costs	-	1,300
Net gain on revaluation	(162)	326
Fair value at end of year	<u>5,218</u>	<u>5,380</u>
Historical cost at end of year	<u>4,434</u>	<u>4,434</u>

Equity investments are managed through a pooled fund, the Newton Growth Fund for Charities, listed in the UK, and are valued at fair value through the statement of financial activities.

The Society holds non-controlling investment in shares to the value of £294 (2017: £294) in Charles Darwin House Limited, a private company formed to manage Charles Darwin House, the London Headquarters in which the Society holds a proprietary share. This shareholding represents a holding of 29.4% (2017: 29.4%) and is accounted for as a fixed asset investment less impairment.

9. Investment Properties

	December 2018 £'000	December 2017 £'000
The Society and the Group		
Investment properties at fair value		
Fair value at start of year	3,688	5,052
Add: Capital Expenditure	-	-
Less disposals	-	(1,364)
Net (loss) on revaluation	(351)	-
	<u>3,337</u>	<u>3,688</u>
Historical cost at end of year	<u>2,843</u>	<u>2,843</u>

The Society owns a 29.4% (2017: 29.4%) interest in 106 Gray's Inn Road and 12 Roger Street, London. The 106 Gray's Inn Road property is held as an investment property and a 9.4% (2017: 9.4%) interest in 12 Roger Street is classified as an investment property.

The investment properties are reported as fair value being the expected or actual selling price of both buildings in 2019.

10. Restricted Funds

	Balance 1 January 2018 £'000	Movement in funds			Balance 31 December 2018 £'000
The Society and the Group		Incoming Resources £'000	Expenditure & Transfers £'000	Investment Gains £'000	
Keilin Memorial Lecture Fund	56	1	(2)	(1)	54
Morton Memorial Lecture Fund	58	1	(2)	(1)	56
Harden Legacy Fund	159	3	(4)	(4)	154
Centenary Award Fund	109	2	(3)	(2)	106
Krebs Memorial Scholarship Fund	360	8	(23)	(13)	332
Eric Reid Fund for Methodology	311	4	(17)	(5)	293
Randle Lecture Fund	16	-	-	-	16
Synthetic Biology Fund	29	-	-	-	29
	<u>1,098</u>	<u>19</u>	<u>(51)</u>	<u>(26)</u>	<u>1,040</u>

Keilin Memorial Lecture Fund

The Keilin Fund was instituted in 1964 by means of an appeal to commemorate the late David Keilin and income is used to pay for the costs of the speaker in giving a lecture, generally every other year.

Morton Memorial Lecture Fund

The fund was instituted in 1978 following an appeal at which some £3,400 was received in donations. Income from the fund is used to pay for the speaker's costs in giving a lecture biennially at a meeting of the Society and at the University of Liverpool. The lecture commemorates R.A. Morton.

Harden Legacy Fund

In his will in 1940 Sir Arthur Harden left funds to support publication of original scientific research. The income from the fund can be applied to assisting scientists with their travel and accommodation costs incurred in attendance of Harden meetings.

Centenary Award Fund

In recognition of the Society's centenary in 2011, this fund was created through the merger of the former Jubilee Lecture and the Hopkins Memorial Lecture funds. The Centenary Award Fund facilitates an annual award to a biochemist of distinction from any part of the world, with the award winner presenting a Sir Frederick Gowland Hopkins Memorial Lecture.

Krebs Memorial Scholarship Fund

The Krebs fund resulted from an appeal launched in December 1982 to commemorate the life and work of Sir Hans Krebs. Income from the fund is used to fund a postgraduate scholarship in biochemistry or allied biomedical science, tenable at any British university. The Scholarship, awarded every year, is primarily intended to help candidates whose careers have been interrupted for non-academic reasons beyond their own control and/or who are unlikely to qualify for a grant.

Restricted Funds continued

Eric Reid Fund for Methodology

This fund has been renamed from the Guilford Bench Methodology Fund in memory of the late Dr Eric Reid, and was set up through funds provided by him from a trust which he co-founded in 1981. It was set up with the aim of assisting 'non big league' investigators in bypassing benchwork bottlenecks. The fund's Capital is sufficient to award about eight grants each year. The fund is akin to the Royal Society of Chemistry's Research Fund, but extends to paying for vacation help.

Randle Lecture Fund

This fund was instituted in honour of the late Professor Sir Philip Randle who was one of the world's foremost researchers into mammalian metabolism. Income from the fund is used to finance a biennial award lecture by globally selected nominated scientists on the basis of their contribution to the understanding of mammalian metabolism.

Synthetic Biology Fund

This fund has been created by the organisers to underwrite future years' conferences.

In the opinion of the Trustees, all funds have adequate resources to fulfil their ongoing obligations.

11. Unrestricted and Other Charitable Funds

The Society and the Group	Balance 01 Jan 2018	Net Utilised	Transfer	Balance 31 Dec 2018
	£'000	£'000	£'000	£'000
Unrestricted Funds				
Fixed Asset Fund	1,587	(407)	-	1,180
Other Charitable Funds	4,002	1,960	513	6,475
Revaluation Reserve	2,110	-	(513)	1,597
Non-charitable trading funds	1,846	(1,845)	-	1
Pension Reserve	(1,515)	1,096	-	(419)
	<u>8,030</u>	<u>804</u>	<u>-</u>	<u>8,834</u>

The formation of the Fixed Asset Fund has been aligned with the revised Reserves Policy and comprises fixed assets held for the Society's operational use and any other funds that may be designated by the Trustees from time to time. Funding of Society Activities is provided through Other Charitable Funds. The Unrestricted Reserves have been restated in the prior year to show the correct reserves held in the Trading Subsidiary and to include unrealized gains in the Investment Properties and Equity Investments in the Revaluation reserve at 31 December 2017. The prior year Fixed Asset fund has been corrected to exclude the Fixed Asset revaluation fund from this fund

Analysis of Net Assets of the Group's Funds

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Fund Balances at 31 December 2018 are represented by:			
Property Plant and Equipment	1,506	-	1,506
Investment Properties	3,337	-	3,337
Investments	4,368	850	5,218
Intangible Assets	86	-	86
Current Assets	3,043	190	3,233
Current Liabilities	(3,382)	-	(3,382)
Net pension liability	(124)	-	(124)
Total net assets	<u>8,834</u>	<u>1,040</u>	<u>9,874</u>

Fund Balances at 31 December 2017 are represented by:

Property Plant and Equipment	1,913		1,913
Investment Properties	3,688		3,688
Investments	4,504	876	5,380
Intangible Assets	-	-	-
Current Assets	2,318	222	2,540
Current Liabilities	(2,878)		(2,878)
Net pension liability	(1,515)		(1,515)
Total net assets	<u>8,030</u>	<u>1,098</u>	<u>9,128</u>

12. Debtors

	The Group		The Society	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade debtors	217	146	10	-
Other debtors	146	150	145	150
Amounts owed by group undertakings	-	-	445	-
Prepayments and accrued income	291	281	129	221
Total debtors	654	577	729	371

13 Creditors and deferred income: Amounts falling due within one year

	The Group		The Society	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade Creditors	274	156	269	151
Amounts owed to group undertakings	-	-	-	1,973
Social security and other taxes	54	45	54	45
USS Pension Scheme	295	306	295	306
Other creditors	149	635	10	37
Subscriptions in advance	2,252	1,432	121	114
Other deferred income	21	93	21	31
Accruals	337	517	182	279
Total creditors and deferred income	3,382	3,184	952	2,936

	The Group		The Society	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Analysis of deferred income				
At 1 January	1,525	1,889	145	113
Amount recognised in the year	(1,525)	(1,889)	(145)	(113)
Amount deferred in the year	2,273	1,525	142	145
At 31 December	2,273	1,525	142	145

Deferred income primarily arises from journal subscription receipts received in advance, which is then unwound through the year.

14 Capital Commitments

There were no capital commitments as at 31 December 2018 (2017: £nil).

15 Contingent liabilities

There were no contingent liabilities as at 31 December 2018 (2017: £nil). All known liabilities have been accounted for in the financial statements.

16 Pensions

The Biochemical Society operates a defined benefit pension provision through two Schemes, the Biochemical Society Staff Pension Scheme and the Universities Superannuation Scheme.

The amounts recognised in the statement of financial position are as follows:

	2018 £'000	2017 £'000
Biochemical Staff Pension scheme (See note 16A) - Long Term	124	1,209
Universities Superannuation Scheme (See note 16B) - Short Term	295	306
Liability recognised in the statement of financial position	<u>419</u>	<u>1,515</u>

A. The Biochemical Staff Pension Scheme

The Biochemical Society Staff Pension Scheme provides final salary defined benefits for service up to and including 28 February 2011. The scheme is now closed to new entrants and future accrual. The assets of the scheme are held in a separate trustee-administered fund and subject to triennial independent actuarial valuations.

The level of benefits provided by the Scheme depends on a member's length of service and their salary at their date of leaving the scheme.

The results of the funding valuation at 31 December 2013 have been adjusted to the statement of financial position date taking into account of experience over the period since 31 December 2013, changes in market conditions and differences in the financial and demographic assumptions. The present value of the defined benefit obligation was measured using the Projected Unit Credit Method. It is this funding valuation, carried out by a qualified actuary as at 31 December 2013, which forms the basis of the information presented here, and which formed the basis of the pre-existing recovery plan, including annual contributions of £110,000 to be paid by the Society to the Scheme.

The Pension Scheme undertakes an actuarial valuation assessment every three years with the most recent - as at 31 December 2016 - published in January 2018. The outcome of this valuation resulted in an estimated deficit value of £5.02m. Consequently, a recovery plan has been agreed whereby a contribution of £200,000 per annum will be made over 11 years, with the initial 3 years (£600,000) paid up front in 2018 along with an additional £100,000 lump sum payment. No payments will be made in years 2 and 3.

The principal assumptions used to calculate the liabilities under FRS102 are set out below:

Main financial assumptions

	31 December 2018 %pa	31 December 2017 %pa
RPI inflation	3.4	3.4
CPI inflation	2.3	2.3
Maximum of RPI and CPI	3.6	3.6
Pension increases RPI inflation up to 7%	3.4	3.4
Discount rate for Scheme liabilities	2.8	2.4

Main demographic assumptions

	31 December 2018	31 December 2017
Mortality		
- Base table	100% of S2Px _A _L	100% of S2Px _A _L
- Future improvements	CMI 2017	CMI 2016
- Long term rate	1.25% pa	1.25% pa

Expected future lifetime from age 65

- Male currently aged 65	23.1 years	23.3 years
- Female currently aged 65	24.2 years	24.3 years
- Male currently aged 45	24.5 years	24.6 years
- Female currently aged 45	25.7 years	25.8 years

Pensions (continued):

Scheme asset allocation:

	31 December 2018	31 December 2017
	£'000	£'000
Target return funds	6,995	-
Equities	1,611	11,285
Bonds (including insured pensioners)	4,178	2,814
Swaps/Gilts (including cash)	3,665	2,946
Closing fair value of scheme assets	16,449	17,045

None of the Scheme assets are invested on the Society's financial instruments or in property occupied by, or other assets used by, the Society.

Changes to the present value of the defined benefit obligation during the year:

	2018	2017
	£'000	£'000
Opening defined benefit obligation (DBO)	18,254	16,614
Interest expense on DBO	428	462
Actuarial (Gain)/ losses on scheme liabilities	(1,459)	1,418
Net benefits paid	<u>(750)</u>	<u>(240)</u>
Closing defined benefit obligation	<u>16,473</u>	18,254

Changes to the fair value of scheme assets during the year:

	2018	2017
	£'000	£'000
Opening fair value of scheme assets	17,045	15,525
Interest income on scheme assets	408	431
Gain on scheme assets	(971)	1,229
Contributions by the employer	700	110
Net benefits paid out	(830)	(240)
Administration expenses	(3)	(10)
Closing fair value of scheme assets	16,349	17,045
Actual return on Scheme assets	(563)	1,660

Reconciliation of funded status to Statement of Financial Position:

	2018	2017
	£'000	£'000
Fair value of assets	16,349	17,045
Present value of funded benefit obligations	(16,473)	(18,254)
Funded status	(124)	(1,209)
Liability recognized on the Statement of Financial Position	(124)	(1,209)

Amounts recognised in Statement of Financial Activities (SOFA):

	Year to	Year to
	December	December
	2018	2017
	£'000	£'000
Interest on defined benefit liability	23	41
Past service cost	80	-
Pension expense recognized in the Statement of Financial Activities	103	41

Pensions (continued)

	Year to December 2018 £'000	Year to December 2017 £'000
Return less interest income on scheme assets	(971)	1,229
Actuarial gain/(loss) on liabilities	1,459	(1,418)
Gain / (Loss) arising in the Statement of Financial Activities	<u>488</u>	<u>(189)</u>

B. Universities Superannuation Scheme

The Society participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding years, the scheme was a defined benefit only pension scheme until 31 March 2016, which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. From April 2016, the employer contribution percentage is 18% (2015: 16%).

The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting year. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognizes a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

The Society employer contributions for the year ended 31st December 2018 amounted to £214,300 (2017: £209,973). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2017 ("the valuation date"), which was carried out using the projected unit method. Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2017 valuation was the fourth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £6.7 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2018	2017
Discount rate	2.64%	2.57%
Pensionable salary growth	n/a	n/a
Price inflation (CPI)	2.02%	2.41%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	96.5% of SAPS S1NMA "light"
Female members' mortality	101.3% of RFV00

Pensions (continued)

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 years	24.5	24.4
Females currently aged 65 years	26	26.6
Males currently aged 45 years	26.5	26.5
Females currently aged 45 years	27.8	28.8

Pensions (continued)

	2018	2017
Scheme Assets	£63.6bn	£60.0bn
Total scheme liabilities	£72.0bn	£77.5bn
FRS102 total scheme deficit	£8.4bn	£17.5bn
FRS102 total funding level	88%	77%

17 Financial Instruments

	The Group		The Society	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Financial Assets at fair value through statement of financial activities				
Equity investments	5,218	5,380	5,218	5,380
Financial Assets that are debt instruments measured at amortised cost				
Trade and other debtors	363	296	155	150
Financial Liabilities measured at amortised cost				
Trade Creditors	(274)	(156)	(269)	(151)

18 The Society's Income and Expenditure

The Society has taken advantage of section 408 of the Companies Act 2006 and has not included its own income and expenditure account in these financial statements.

An analysis of the differences in movements in resources between the Group and the Society is set out below:

			Year to December 2018	Year to December 2017
	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000	Total Funds £'000
Incoming and endowments per consolidated statement of financial activities	5,500	19	5,519	4,817
Deduct: income of Trading Subsidiary	(4,477)	-	(4,477)	(3,910)
Add: gifted payments from Trading Subsidiary	4,256	-	4,256	-
Incoming resources - Society	5,279	19	5,298	907
Total expenditure per consolidated statement of financial activities	4,818	51	4,869	4,688
Deduct: expenditure of Trading Subsidiary	(2,066)	-	(2,066)	(2,065)
	2,752	51	2,803	2,623
Net (Losses) Gains on Investments	(136)	(26)	(162)	332
Investment impairment released	1	-	1	7
Net income - Society				
Before gains and losses as per consolidated statement of financial activities	2,392	(58)	2,334	(1,377)
Unrealised losses on Investment properties	(351)	-	(351)	
Realise gain on sale of leasehold property	120	-	120	
Actuarial loss on defined benefit pension scheme	488	-	488	(189)
Net movement in funds relating to the year	2,649	(58)	2,591	(1,566)

19 Transactions with related parties
Academic Support Grants

	Year to December 2018 £'000	Year to December 2017 £'000
Academic Support Grants paid in year	19	37

Academic Support Grants were paid to the following university departments to cover time spent by Trustees on Society business:

University of East Anglia £nil (2017 £4,812); University of Liverpool £4,812 (2017 £4,812); University of Salford £nil (2017 £4,812); Imperial College £nil (2017 £4,812); University of Edinburgh £nil (2017 £4,812); University of Manchester £4,812 (2017 £8,104); University of Bristol £nil (2017 £4,812); University of Glasgow £4,812 (2017 £nil); University of Sussex £4,812 (2017 £nil). These grants contributed towards research activities that are in alignment with the objects of the Charity.

The Society has taken advantage of the exemption in the FRS 102 from the requirement to disclose transactions with wholly owned group companies on the grounds that consolidated financial statements are prepared.

The Society holds a non-controlling interest in Charles Darwin House Limited, a private company formed to manage Charles Darwin House, the London headquarters in which the Society holds a proprietary share. Details of transactions between the Group and Charles Darwin House Limited are disclosed below:

	2018 £'000	2017 £'000
Income		
Accounting	-	6
IT Services	-	(2)
Association Management	-	-
Other	-	1
	<u>-</u>	<u>5</u>
Expenditure		
HR Services	31	42
Conference facilities	27	27
Other	3	4
	<u>61</u>	<u>73</u>

As at 31 December 2018, debtor balances totalling £21,000 (2017: £2,000) and a creditor balance of £Nil (2017: £nil) were outstanding with Charles Darwin House Limited. These balances will be settled in cash.

A loan of £36,000 was made to Charles Darwin House Ltd in May 2017. A loan of £29,400 was made to Charles Darwin House Ltd in February 2018. The full balance of these loans remain outstanding as at 31 December 2018.

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Transactions with related parties continued

Details of transactions between the Group and the co-owners of Charles Darwin House Limited for the year ended 31 December 2018.

	SEB £'000	BES £'000	RSB £'000	MS £'000	SfAM £'000	TOTAL £'000
Income						
Accounting	-	-	-	-	-	-
IT / Admin Service	-	-	-	-	16	16
External Events	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total income	-	-	-	-	16	16
Expenditure						
Subscriptions	-	-	35	-	-	35
Grant	-	-	-	1	-	1
Grant - Sponsored Staff	-	-	26	-	-	26
Other	-	-	26	1	-	27
Total Expenditure	-	-	87	2	-	89
External Client income	-	-	-	-	-	-
Balances as at 31 Dec 2018						
Debtors	-	-	-	-	-	-
Creditors	-	-	-	-	-	-

Charles Darwin House Limited (CDH Ltd) holds the legal title to the properties on trust for the beneficial owners of the properties; the beneficial owners being the Biochemical Society, Royal Society of Biology (RSB), British Ecological Society (BES), Society for Experimental Biology (SEB), Microbiology Society (MS) and Society for Applied Microbiology (SfAM).

There are no other related-party transactions to disclose.

