

INSTITUTE OF BIOMEDICAL SCIENCE

Company Number 377268

Charity Number 261926

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2018**

**INSTITUTE OF BIOMEDICAL SCIENCE
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FOR THE YEAR ENDED 31 DECEMBER 2018**

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Council Members' Report

The Council members, who are also the Trustees, submit their report on the charitable company and its group together with the audited financial statements for the year ended 31 December 2018.

Reference and Administrative Details

LEGAL STATUS

The Institute is a registered charity, number 261926. It is also registered at Companies House, as a company limited by guarantee and having no share capital, number 377268. The liability of its members, in the event of the company winding up, is limited to £1.

COUNCIL MEMBERS

The members of Council, who were the company's directors and trustees of the charity during the period or on the date of approval of this report, were:

Joanna Andrew	Joyce Overfield
Helen Archer	Debra Padgett
Nigel Coles	Sandra Phinbow (resigned 29 March 2019)
Sean Conlan	Robert Simpson
David Eccleston	Daniel Smith
Alison Geddis	Matthew Smith
Jane Harrison-Williams	Ian Sturdgess (resigned 31 December 2018)
Charles Houston (resigned 10 December 2018)	Andrew Usher
James G McNair	David Wells
Colin Mudd	Allan Wilson
Jane Needham	

Each Council member is also a member of the Institute.

CHIEF EXECUTIVE AND COMPANY SECRETARY

Jill Rodney

REGISTERED OFFICE

12 Coldbath Square, London EC1R 5HL

RELEVANT ORGANISATIONS

Auditors:

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Bankers:

National Westminster Bank plc
Regent Street Branch
250 Regent Street
London
W1B 3BN

Investment Advisors:

EPOCH Wealth Management LLP
Queen Square House
Queen Square Place
Bath
BA1 2LL

Solicitors:

Fladgate LLP
25 North Row
London
W1R 1DJ

Structure, Governance and Management

GOVERNANCE AND INTERNAL CONTROL

The Institute is a company limited by guarantee and a registered charity. Its governing document is the Memorandum and Articles of Association, originally incorporated on 17 November 1942, updated 4 June 2016.

Council Members' Report (continued)

Structure, Governance and Management (continued)

COUNCIL MEMBERS

Council shall be composed of not fewer than twelve and not more than thirty members of the Institute, comprising:

- (i) the President, the Past President, the President Elect and the Treasurer, *ex officio*;
- (ii) not more than twelve persons elected by members of the Institute registered within the regions ("regional members"); and
- (iii) not more than twenty persons elected by the members of the Institute ("national members").

RECRUITMENT AND TRAINING

The election of members of Council in the place of those retiring at any annual general meeting is made by a ballot, where necessary, of those entitled to vote. New members go through an induction process to familiarise them about their responsibilities and duties and periodic training sessions are arranged as required.

ORGANISATIONAL MANAGEMENT

Council meets at least quarterly to set overall strategy and policy and review performance.

Each Council member will also be heavily involved in the various standing committees. These committees are set up by Council and are given specific aims. They report back to Council at regular intervals and include:

- The Membership and Marketing Committee which is responsible for the creation and implementation of the Institute's membership and marketing strategies. It is also the reporting committee for the local region and branch network.
- The Education and Professional Standards Committee which is responsible for matters relating to professional standards, education, training and professional development of members working in the profession.
- The Audit Committee which seeks assurance from the external auditor that the accounts give a true and fair view of the financial performance and position and that the accounts comply with relevant accounting standards. The Audit Committee will also consider any issues raised by the auditors and the management's response.
- The Remuneration Committee which is responsible for determining the Institute's remuneration strategy and reviewing the terms and conditions of employment for the Chief Executive.

The Institute has a full time Chief Executive who is accountable directly to Council. The Institute's staff carry out the detailed day-to-day work on behalf of Council and assist committees as necessary.

RISK MANAGEMENT

Council has considered the major risks to which the Institute is exposed. The categories of risks identified were strategic risks, membership risks, governance risks, financial risks and operational risks. Council agreed that systems and procedures had been implemented to mitigate the risks which were identified. The principal risks identified by the charity are as follows:

Risk	Mitigating actions
Failure to ensure adequate protection of data in all media results in damage to the reputation of the Institute and member dissatisfaction.	<ul style="list-style-type: none"> • Firewall and antivirus services used and updated regularly. • Data encryption used for sensitive data transfers outside of the Institute. • Back up processes and password protection in place. • Data Protection Audit and website penetration test undertaken and actions identified implemented.
Loss of membership through a failure to develop and maintain an attractive offering for all grades of membership	<ul style="list-style-type: none"> • Membership and Marketing Committee has a focus on membership issues and reports direct to Council. • Membership offering reviewed and tested regularly. • Membership engagement activities undertaken.
Institute is unable to attract Council members with the right level of knowledge, experience and interpersonal skill.	<ul style="list-style-type: none"> • Members can observe Council and some Committee meetings. • Council and senior managers have well established networks. • Governance arrangements are being reviewed as part of new strategy.

Council Members' Report (continued)

Objectives, Activities, Achievements and Performance

The Institute is a registered charity and aims to promote and develop the role of biomedical science within healthcare to deliver the best possible service for patient care and safety.

It achieves this through a number of activities which includes professional publications, running courses and seminars, organising scientific conferences (IBMS Congress), providing a platform to achieve higher level qualifications, significant access to web content, hosting regional and branch events and running discussion groups.

The major achievements in the period are summarised below:

- | | |
|--|--|
| <i>Supporting our members</i> | <ul style="list-style-type: none"> • Worked with the British Association of Cytology (BAC) to support cytology staff affected by the transition to primary HPV testing. Ran a joint event with BAC "Preparing for the future" which was attended by 130 delegates. • Set up training for some members to join the STEM network as ambassadors so they receive support and training for biomedical science public engagement activities. • As part of NHS70, promoted the role that the Institute and its members have played in healthcare since 1948. |
| <i>Professional development and standard setting</i> | <ul style="list-style-type: none"> • Released the revised and updated Specialist Portfolio qualification in September 2018 across all biomedical science disciplines. An optional module in molecular pathology is now available. A separate comprehensive guidance document has been produced to guide trainers and candidates in achieving and evidencing training outcomes. • The number of registration portfolios issued has increased by 13% from 2017 to reach almost 900 for the year. Approximately 1,000 certificates of competence were issued in 2018, an increase of 9%. • Over 300 verifiers and examiners attended update and training days held across the UK. This allowed existing verifiers and examiners to keep up to date with the changes to the Institute's qualifications and for the Institute to train new examiners and verifiers. The Institute now has 662 verifiers and 502 examiners, helping it to improve the delivery of its qualifications. • The Institute ran a number of CPD (Continuing Professional Development) officer update days where the evolution of the role was discussed and how best CPD officers can support biomedical scientists undertaking CPD. • During the year there were 25 institutional accreditation events covering 42 undergraduate and 24 postgraduate programmes. Three of the institutions were new accreditations. A full list of IBMS accredited programmes is available on our website. • Sheffield Microbe discussion group ran an educational conference and exhibition on medical microbiology attended by 280 biomedical scientists. • Hosted a webinar jointly with the Institute for Biological Standards and Controls on the importance and use of quality control materials in clinical laboratories. |
| <i>Advancement of biomedical science</i> | <ul style="list-style-type: none"> • Over 150 laboratories took part in the second Biomedical Science Day with members across the world taking part to raise the profile of the profession. There were over 5 million views of the IBMS social media posts for the day. • The Institute supported over 450 public engagement events aimed at informing the public about the role biomedical science plays at the heart of healthcare. • Sponsored Harvey's Gang, an initiative which promotes the work of biomedical scientists to the public and helps young people to understand what happens to samples taken as part of their hospital treatment. • Funded five research grants totalling £21,900 to support members' individual research projects. |

Council Members' Report (continued)

Objectives, Activities, Achievements and Performance (continued)

- | | |
|----------------------------------|--|
| <i>Advocacy</i> | <ul style="list-style-type: none"> • Responded to a number of consultations including those from HCPC, NHSI and HEE across a range of issues affecting biomedical science and its workforce. • Worked with the Royal College of Pathologists and Health Education England to look at expanding advanced and consultant level roles for biomedical scientists as part of the long term workforce planning for pathology. • Participated in the NHS England programme exploring the potential of enabling biomedical scientists to supply and/or administer medicines. |
| <i>Organisational robustness</i> | <ul style="list-style-type: none"> • Restructured and strengthened the Institute's governance arrangements to reflect the changes to the Council and Standing Committees agreed at the end of 2017. • Working group of Council members undertook a review of governance arrangements in light of the Charity Governance Code and the results of a skills audit of Council members. Proposals will be considered by Council in 2019. • The Institute worked with the trustees of the IBMS Defined Benefit Pension Scheme to consider how best to manage the future risk to the Institute of the Scheme. The Scheme was closed to future accrual at the end of September 2018. • Business processes in the education team were reviewed. The turnaround time for issuing portfolios and reviewing CPD activities were reduced significantly as a result. • Started a review of the property ownership arrangements within the group to ensure that they remain appropriate both from a strategic and financial perspective. |

The Council has identified a number of key performance indicators to help monitor the organisation's performance. These include:

- Membership numbers – overall membership numbers have been largely maintained. The expected continued reduction in the number of Fellows has been offset by growth in the number of Licentiate and Student members. This has had a negative impact on income.
- Educational activity - the number of registrations for the Institute's qualifications and interest in our distance learning qualifications was in line with previous year. There was an increase in the number of registration portfolios issued.
- Financial performance- the Institute generated a small surplus on income and expenditure. The investment portfolio lost value as a result of the volatility in the financial markets, particularly in the last quarter.
- Staff turnover and sickness levels - these remained in line with expectations for an organisation of this size.

Public Benefit Statement

Council has complied with the duty in section 17(5) of the Charities Act 2011 and has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Institute's aims and objectives and in planning future activities. Council is satisfied that the Institute continues to meet the required public benefit test through its objectives and activities.

The Institute aims to promote and develop the role of biomedical science within healthcare to deliver the best possible service for patient care and safety. It does this by:

- Acting as an advocate for the biomedical science community with key stakeholders and policy makers to help ensure the high standards of the profession and patient safety are maintained.
- Developing and maintaining educational qualifications to enhance the skills, knowledge and career development of biomedical scientists within the profession.
- Providing opportunities for biomedical scientists to keep up to date with scientific developments through Institute publications and training events.
- Raising awareness of the importance of biomedical science in the provision of healthcare and the career opportunities in the profession.
- Supporting original research into scientific developments.

Council Members' Report (continued)

Financial Review

The combined results of the Institute and its subsidiary are shown on pages 11 to 14 of the financial statements. The Institute is a non profit-making organisation and accordingly no dividends are proposed.

The Group Statement of Financial Activities on page 11 shows net expenditure of £543,937 which included a loss on investments of £558,387. Funds are invested across a number of pooled funds to achieve a targeted total return and the results are reported in note 7a. The investment portfolio generated a negative return of 6.2% after fees for the year due to the increased volatility in the financial markets, particularly in the final quarter. During the year the FTSE 100 was down 9% and the FTSE 250 down 13%.

Both income and expenditure are lower than the previous year as there was no Congress in 2018 and the figures for 2017 include a 15 month period. The extended 15 month period arose in 2017 because the Institute changed its financial year end from September to December to align with the member subscription year. Overall membership numbers were largely stable during the year. The continued and expected reduction in the number of Fellows has been offset by growth in the number of Licentiate and Student members.

The Institute has agreed a Strategy to 2020. In 2018 the Institute spent £94,000 on implementing the strategy, mainly on raising the profile of the profession and undertaking member research. During the year the Institute agreed with the Defined Benefit Pension Scheme Trustees to close the Scheme to future accrual at the end of September 2018 to better manage the future risk of the Scheme. The four remaining active members in the Scheme joined the Institute's GPP Scheme with Royal London.

The deficit on the Institute's defined benefit pension scheme, as measured under FRS 102, was £52,000 (2017: surplus £2,073,000) and is set out in Note 14. The liabilities in the Scheme have been secured by the Scheme Trustees via an insurance policy with Aviva. Overall, including the results of IBMS (Professional Services) Ltd, there was a decrease in funds of £2,632,937 for the year. This has been transferred from reserves.

IBMS (Professional Services) Ltd made a loss before tax of £64,749. This was in line with the directors' expectations as there was no Congress event during the year. The company reported a loss after corporation tax of £54,875. This was transferred from reserves.

Investment Powers, Policy and Performance

The investment powers are governed by the Institute's Memorandum, which permits funds not immediately required for the purposes to be invested as the Council sees fit.

The Council's policy is to achieve an agreed growth target in excess of inflation over the long term. The portfolio as a whole is managed to reduce the risk of negative returns in excess of 20%. Income generated is re-invested to assist with the long term growth objective.

The Council establishes the investment strategy and takes advice from its investment advisors who manage the portfolio on a day to day basis. Performance is monitored by Council and the period end position is reported in note 7 (a).

Grant-Making Policy

The Education and Professional Standards Committee has delegated responsibility to agree the annual programme of research grants. It makes a detailed assessment of each application. Grants this year totalled £21,900 (2017: £24,422). All grants during the current and preceding year were made to individuals in order to further their biomedical research.

The Membership and Marketing Committee administer the Jen Johnson Bursary which is awarded to individuals based on pre-determined criteria to give them the opportunity to attend Congress, a biennial event. There were no grants awarded during the year (2017: £10,109) as there was no Congress.

Council Members' Report (continued)

Remuneration Policy for Staff and Key Management

The Institute's policy is to provide competitive rewards to attract and retain high performing individuals whose contribution will enhance member value while ensuring rewards remain appropriate and proportionate when compared to market practice. The Institute aims to position salaries at the median of comparator groups. Benchmarking is undertaken periodically and appropriate judgement is applied in evaluating market data. This policy has been agreed with the Remuneration Committee.

The Remuneration Committee is responsible for setting the salary of the Chief Executive. The salaries of the other key management personnel are set by the Chief Executive following consultation with the Officers.

Defined Benefit Pension Scheme

The FRS102 assessment of the defined benefit scheme shows a deficit as at 31 December 2018 – see Note 14. This has been recognised as a liability on the balance sheet.

Reserves Policy

The Institute's reserves policy focuses on the level of "free reserves". Free reserves exclude the net book value of the Institute's fixed assets (primarily the property used and occupied at Coldbath Square), any designated reserves and any surplus or deficit reported on the pension scheme. There are no restricted funds in this year or the prior year, but these would also be excluded, should there be any, in determining "Free reserves".

The reserves policy is reviewed regularly by Council.

The target range for free reserves is calculated annually as part of the budget process on the basis of the financial impact of the current risks facing the Institute.

The Institute seeks to maintain free reserves to manage the risks to which it is exposed in the course of its business, including but not limited to safeguarding against fluctuations in its membership revenue.

Council considers that in order to meet these needs, and to operate effectively and be able to operate with minimum disruption, the Institute needs reserves of approximately £6 million.

The Institute's free reserves were £10.721 million at 31 December 2018 (2017: £11.208 million).

Council has agreed that if reserves fall by more than 10% below the target range, it will consider what action is required to increase the level of reserves held.

Future Plans

The Institute aims to generate sufficient income from its current activities to operate at a modest surplus without needing to rely on investment income and surpluses from Congress.

Future plans include providing better support, information and services for members through a variety of methods, including improved publications and greater online resources. For more information and a detailed review of future plans, see the Institute's strategy for 2018 to 2020 and the Institute's Members' Report which are both available on the website.

Council Members' Accounting and Reporting Responsibilities

The Council members (who are also directors of the Institute of Biomedical Science for the purposes of company law) are responsible for preparing the Council's report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Council Members' Report (continued)

Council Members' Accounting and Reporting Responsibilities (continued)

Company law requires the Council Members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group as at the balance sheet date, and of the charitable company and group's incoming resources and application of resources, including income and expenditure, for that period. In preparing those financial statements, the Trustees are required to:

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

The Council Members are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the charitable company's Memorandum and Articles of Association. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council Members 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 governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The following statements have been affirmed by each of the Council Members of the charitable company:

- so far as each Council Member is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and
- each Council Member has taken all the steps that he/she ought to have taken as a Council Member in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

Haysmacintyre were re-appointed as auditors during the year and offer themselves for re-appointment at the forthcoming Annual General Meeting.

Small Company Exemptions

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and groups.

Approved by Council on 26 April 2019 and signed on their behalf by:



A Geddis
President



R A I Simpson
Treasurer



J Rodney
Chief Executive and Company
Secretary

Independent Auditors' Report to the Members of the Institute of Biomedical Science

Opinion

We have audited the financial statements of Institute of Biomedical Science for the period ended 31 December 2018 which comprise of the Consolidated Statement of Financial Activities, Consolidated Balance Sheet and the Charity Balance Sheet, the Consolidated Statement of Cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 6 and 7, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 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

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 on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditors' Report to the Members of the Institute of Biomedical Science (continued)

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. 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 Council Members' Report (which incorporates the strategic report and the directors' report) 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 included in the Council Members' 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 misstatements in the Trustees' Annual Report (which incorporates the directors' 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Independent Auditors' Report to the Members of the Institute of Biomedical Science (continued)

Use of Audit 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.



*Jeremy Beard (Senior statutory auditor)
for and on behalf of Haysmacintyre LLP, Statutory Auditor*

*10 Queen Street Place
London
EC4R 1AG*

Date: 26/4/2019

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Consolidated Statement of Financial Activities for the Year Ended 31 December 2018
(Incorporating the Income and Expenditure Account)

	Notes	Unrestricted Funds 2018 (12 months) £	Unrestricted Funds 2017 (15 months) £
Income from:			
<u>Charitable activities</u>			
Subscriptions		2,336,576	2,902,592
Qualifications		280,650	304,035
Registrations		229,225	257,665
Publications		33,049	26,777
Regions and branches and discussion groups	2	220,260	140,317
Other income		6,421	56,690
<u>Congress and other trading activities</u>		34,518	1,435,119
<u>Investments</u>			
Investment income		44,788	19,393
Bank interest		10,867	23,286
Total Income		3,196,354	5,165,874
Expenditure on:			
<u>Raising Funds</u>			
Congress and other trading activities		162,009	1,103,822
Investment management fees		64,208	53,665
<u>Charitable activities</u>			
Education, qualifications and registration	3	1,280,830	1,507,545
Publications	3	95,708	173,021
Regions and branches and discussion groups	2,3	315,378	261,337
Member events, representation and benefits	3	1,233,775	1,271,393
Grants and prizes		29,996	43,764
Total Expenditure		3,181,904	4,414,547
Net (losses) / gains on investments		(558,387)	327,752
Net (expenditure) / income		(543,937)	1,079,079
Other recognised gains / (losses)			
Actuarial (losses) / gains on defined benefit pension scheme	14	(2,089,000)	394,000
NET MOVEMENT IN FUNDS FOR THE YEAR		(2,632,937)	1,473,079
Total funds brought forward		14,343,955	12,870,876
Total funds carried forward	12	11,711,018	14,343,955

All activities are continuing and there are no other recognised gains and losses other than those recognised above.

All activities (income and expenditure) in both years are unrestricted and therefore the comparable Statement of Financial Activities is shown above in full.

A separate Statement of Financial Activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and SORP (FRS102) 2015. Net expenditure for the charity for the year before other recognised gains/losses amounted to £489,063 (2017 15 mths: income £704,499).

The notes on pages 15 to 30 form part of these financial statements.

Consolidated Balance Sheet as at 31 December 2018

	Notes	2018 £	2017 £
Fixed Assets			
Tangible assets	6	962,082	982,593
Investments	7a	8,720,173	9,297,979
		<u>9,682,255</u>	<u>10,280,572</u>
Current Assets			
Stock		2,489	2,871
Debtors	8	389,608	343,911
Cash at bank and in hand		2,575,044	2,277,456
		<u>2,967,141</u>	<u>2,624,238</u>
Creditors: amounts falling due within one year	10	<u>(886,378)</u>	<u>(633,855)</u>
Net Current Assets		<u>2,080,763</u>	<u>1,990,383</u>
Total assets less current liabilities		11,763,018	12,270,955
Defined Benefit Pension Scheme (Liability) / Asset	14	<u>(52,000)</u>	<u>2,073,000</u>
Net Assets		<u>11,711,018</u>	<u>14,343,955</u>
Unrestricted Funds			
Accumulated fund		11,801,592	11,872,229
Designated Fund		79,891	79,891
Revaluation Reserve		(118,465)	318,835
Pension Reserve		(52,000)	2,073,000
	12	<u>11,711,018</u>	<u>14,343,955</u>

Approved and authorised for issue by Council on 26 April 2019 and signed on their behalf by:



A Geddis
President



R A I Simpson
Treasurer

The notes on pages 15 to 30 form part of these financial statements.

Charity Balance Sheet as at 31 December 2018

	Notes	2018 £	2017 £
Fixed Assets			
Tangible assets	6	544,092	551,534
Investments	7a	8,721,173	9,298,979
		<u>9,265,265</u>	<u>9,850,513</u>
Current Assets			
Stock		2,489	2,871
Debtors	8	847,298	870,997
Cash at bank and in hand		2,343,210	2,151,191
		<u>3,192,997</u>	<u>3,025,059</u>
Creditors: amounts falling due within one year	10	(640,383)	(604,630)
		<u>2,552,614</u>	<u>2,420,429</u>
Net Current Assets			
		<u>2,552,614</u>	<u>2,420,429</u>
Total assets less current liabilities		11,817,879	12,270,942
Defined Benefit Pension Scheme (Liability) / Asset	14	(52,000)	2,073,000
		<u>11,765,879</u>	<u>14,343,942</u>
Net Assets			
		<u>11,765,879</u>	<u>14,343,942</u>
Unrestricted Funds			
Accumulated fund		11,856,453	11,872,216
Designated Fund		79,891	79,891
Revaluation Reserve		(118,465)	318,835
Pension Reserve		(52,000)	2,073,000
	12	<u>11,765,879</u>	<u>14,343,942</u>

Approved by Council and authorised for issue on 26 April 2019 and signed on their behalf by:



A Geddis
President



R A I Simpson
Treasurer

The notes on pages 15 to 30 form part of these financial statements.

Consolidated Statement of Cash Flows for the Year Ended 31 December 2018

	Notes	2018 (12 months) £	2017 (15 months) £
Reconciliation of net income / (expenditure) to cash flow from operating activities			
Net (expenditure) / income for the reporting period (as per Statement of Financial Activities)		(543,937)	1,079,079
<i>Adjustments for:</i>			
Pension scheme operating charge		36,000	234,000
Depreciation of property, plant and equipment	6	71,319	87,781
Losses / (gains) on investments		558,387	(327,752)
Dividends and interest		(55,655)	(42,679)
Decrease / (increase) in stock		382	(1,071)
(Increase) / decrease in debtors	8	(45,697)	286,436
Increase / (decrease) in creditors	10	252,523	(731,504)
Net cash provided by operating activities		<u>273,322</u>	<u>584,290</u>
Cash flows from investing activities			
Investment income and bank interest		55,655	42,679
Purchase of property, plant and equipment	6	(50,808)	(38,810)
Purchase of investments		(5,053,145)	(9,994,941)
Disposal of investments		5,071,267	5,241,640
Cash movement in investment portfolio		1,297	(61,223)
Net cash provided by / (used in) investing activities		<u>24,266</u>	<u>(4,810,655)</u>
Change in cash and cash equivalents in the reporting period		297,588	(4,226,365)
Cash and cash equivalents at start of year		2,277,456	6,503,821
Cash and cash equivalents at end of year		<u>2,575,044</u>	<u>2,277,456</u>
Components of cash and cash equivalents			
Cash at bank and in hand		1,075,044	777,456
Short term deposits		1,500,000	1,500,000
		<u>2,575,044</u>	<u>2,277,456</u>

The notes on pages 15 to 30 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**1 - Accounting Policies****Statutory Information**

The Institute of Biomedical Science is a private company, limited by guarantee, domiciled in England and Wales, registration number 377268. It is also a charity registered with the Charity Commission for England and Wales, number 261926. The registered office is 12, Coldbath Square, London EC1R 5HL.

Statement of compliance

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments at fair value. The format of the financial statements has been presented to comply with the Companies Act 2006, FRS102 The Financial Reporting Standard applicable in the UK and Ireland and the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2015).

The financial statements are presented in sterling and reflect the results which are all from continuing activities.

The Institute is a Public Benefit Entity as defined by FRS102.

Going concern

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

Significant judgements and sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Charity's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects current and future periods. The Council consider the following items to be areas subject to estimation and judgement:

Depreciation: - the useful economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that the actual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted retrospectively. Although tangible fixed assets are significant, variances between actual and estimated useful economic lives will not have a material impact on the operating results. Historically, no changes have been required.

Pensions: - The principal assumptions used to calculate the liabilities in the defined benefit pension scheme are those as set out in note 14.

In the view of the Council Members, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**1 - Accounting Policies (continued)****Basis of consolidation**

These financial statements consolidate the results of the charity and its wholly owned subsidiary, Institute of Biomedical Science (Professional Services) Limited, on a line by line basis. A separate Statement of Financial Activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and SORP (FRS102) 2015. The income of the charity for the year amounted to £3,237,805 (2017 15 months: £3,849,666). Net expenditure for the year before other gains/losses amounted to £489,063 (2017 15 months: net income £704,499).

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

Fund accounting

The charity only has unrestricted funds made up of membership subscriptions, income from educational activities and other income received or generated for its charitable purposes.

Income

All income is recognised once the Institute is entitled to the income, it is probable that the income will be received and can be quantified with reasonable accuracy.

Subscriptions comprise approved membership applications for the various categories of membership, as adjusted for amounts prepaid where the subscription year differs from the Institute's accounting year.

Qualifications comprise the charge made for courses and qualifications provided by the charity. Any income relating to courses starting after the balance sheet date is included in the balance sheet as deferred income.

Registrations comprise the fees for accrediting an individual member's portfolio of experience and the fees for the accrediting of biomedical science courses run by educational institutions.

Regions and branches comprise the income generated locally (mainly from local training events) by the regions and branches to run discussion groups and meetings.

Trading activities comprise the income generated by IBMS (Professional Services) Ltd. It consists of income from running events (mainly Congress, a biennial event), providing secretarial support to other organisations and hire of meeting room facilities. Income received for events which are taking place after the balance sheet date is included in the balance sheet as deferred income.

Interest and investment income is recognised on a receivable basis.

Expenditure

Expenditure is included on an accruals basis where there is a legal or constructive obligation to make a payment to a third party and the amount can be measured reliably. Expenditure is either directly attributed to a cost category, or apportioned on a basis consistent with the use of the resources.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**1 - Accounting Policies (continued)**

Expenditure on charitable activities includes the cost of delivering education and other services to members for the benefit of the profession along with the associated support costs.

Expenditure on trading activities comprises the costs incurred by IBMS (Professional Services Ltd) and allocated support costs.

Support costs comprise the costs which cannot be directly attributed to a particular activity in the Statement of Financial Activity and include governance costs. Support costs are apportioned between the various activities according to the estimated usage of staff resource.

Grants

Grants payable are charged in the year when the offer is conveyed to the recipient except where the offer is conditional and such grants are recognised as expenditure when the conditions have been met.

Investments

Investments are shown at their fair value at the balance sheet date. Any increase or decrease in value is reflected in the Statement of Financial Activities.

Depreciation

Assets with a useful economic life of more than one year and a value of over £500 are capitalised.

Tangible fixed assets have been depreciated so as to write assets off over their estimated useful lives at the following rates:

Freehold and leasehold property:	2% to 10% per annum on a straight line basis
Furniture, fixtures and fittings:	15% per annum on a reducing balance basis
Computers:	20% to 33.33% per annum on a straight line basis
Assets under construction:	Nil depreciation until assets are ready for use

Pension schemes

The Institute operates two types of pension scheme, a defined contribution (DC) pension scheme and a defined benefit (DB) pension scheme.

The cost of the DC scheme charged to the Statement of Financial Activities is equal to the Institute's contribution payable to the scheme during the accounting period.

The Institute also contributes to the IBMS Pension Fund. The scheme is a defined benefit scheme in accordance with section 28 of FRS 102. Service costs, curtailments, settlement gains and losses, net financial returns and re-measurement gains and losses are included in the Statement of Financial Activities in the year to which they relate.

Changes in the assets and liabilities of the scheme in the year are disclosed and allocated as follows:

- Changes relating to current or past service costs and gains and losses on settlements and curtailments and pension finance costs arising from changes in the net of the interest costs and expected return on assets, are allocated to the relevant activity heading based on staff costs of employees within the scheme.
- Pension finance charges arising from similar changes are recognised as expenditure.
- Re-measurement gains and losses are recognised as other recognised gains and losses.

The assets, liabilities and movements in the surplus or deficit of the scheme are calculated by qualified independent actuaries as an update to the latest full actuarial valuation.

Details of the scheme assets and liabilities and major assumptions are shown in note 14.

The cost of the DB scheme charged to the Statement of Financial Activities aims to spread the cost of pensions over scheme members' working lives with the Institute.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**1 - Accounting Policies (continued)**

In the year ended 31 December 2018, the deficit in the DB scheme as calculated by the actuary has been recognised in the accounts.

Short term benefits

Short term benefits, including holiday pay, are recognised as an expense in the period in which the service is received.

Employee termination benefits

Termination benefits are accounted for on an accruals basis and in accordance with FRS 102.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future entitlement and accrued at the balance sheet date.

Taxation

Tax is provided at rates of between 19% and 20% on surpluses retained in the trading subsidiary.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, trade and fee debtors, staff loans, other debtors, prepayments and accrued income and amounts owed by group undertakings. A specific provision is made for debts for which recoverability is in doubt. Cash and cash equivalents are defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise deposits, fees in advance, trade creditors, other creditors and amounts owed to group undertakings.

Stock

The value of medals held in stock to recognise members' long service, etc. is stated at cost, which is assumed to be the same as their net realisable value.

Debtors

Trade and other debtors are recognised at the settlement amount due for the provision of services delivered. Prepayments are recognised at the amount prepaid or the amount paid in advance.

Creditors

Creditors are recognised where the institute has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured reliably. Amounts are recognised at their settlement amount.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less.

Irrecoverable VAT

Irrecoverable VAT is charged to the Income and Expenditure account for the period to which it relates.

2 – Regions and Branches

Regions and branches run activities that raise money locally and incur costs. The balances remaining in bank accounts at the period end of £314,779 (2017: £274,105) are included in the balance sheet. The costs include an apportionment of support costs (note 3) based on an assessment of staff resources used.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**3 - Total Expenditure**

	Direct costs	Support costs	Total 2018 (12 mths)
	£	£	£
Trading activities	98,796	63,213	162,009
Investment management fees	64,208	-	64,208
Education, qualifications and registration	706,418	574,412	1,280,830
Publications	76,469	19,239	95,708
Regions, branches & discussion groups	276,900	38,478	315,378
Membership events, representation and benefits	790,736	443,039	1,233,775
Grants & prizes	29,996	-	29,996
Total Resources Expended	2,043,523	1,138,381	3,181,904

Grants made during the current period totalled £21,900 to 5 individuals. In the preceding year they totalled £34,531 to 18 individuals.

	Direct costs	Support costs	Total 2017 (15 mths)
	£	£	£
Trading activities	1,029,373	74,449	1,103,822
Investment management fees	53,665	-	53,665
Education, qualifications and registration	813,708	693,837	1,507,545
Publications	134,363	38,658	173,021
Regions, branches & discussion groups	211,615	49,722	261,337
Membership events, representation and benefits	749,916	521,477	1,271,393
Grants & prizes	43,764	-	43,764
Total Resources Expended	3,036,404	1,378,143	4,414,547

Support Costs

	2018 (12 months)	2017 (15 months)
	£	£
People costs	567,650	887,633
Office running costs	193,931	253,504
IT & website	93,683	112,384
Irrecoverable VAT	47,808	(121,498)
Depreciation	58,250	71,076
Other costs	94,919	74,749
Governance		
Council and Committees	70,200	89,005
Audit	11,940	11,290
	1,138,381	1,378,143

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**4 - Staff Costs**

	2018	2017
	(12 months)	(15 months)
	£	£
Salaries and wages	1,185,523	1,383,560
Social security	126,585	147,934
Employer pension contributions – DB scheme	120,864	66,143
Employer pension contributions – DC scheme	78,842	78,302
Redundancy costs	-	181
Temporary staff	8,025	46,620
Life assurance	5,044	6,200
Staff expenses	19,144	25,780
Defined benefit pension scheme running costs	34,567	82,222
Recruitment and training	13,518	22,787
	<u>1,592,112</u>	<u>1,859,729</u>

The average number of employees in the period was: 29 27

The number of staff whose annual emoluments in the period fell within the following bands were:

£60,000 to	£70,000	1	1
£70,000 to	£80,000	3	2
£80,000 to	£90,000	1	1
£130,000 to	£140,000	-	1
£140,000 to	£150,000	1	-

The Council consider the key management personnel for the Institute to be themselves, the Chief Executive, Deputy Chief Executive and the four executive team heads. The remuneration and benefits (included above) received by the key management personnel in employment during the year was £685,569 (2017 15 mths: £752,479).

None of the Council members received any emoluments or benefits from the Institute during the period for undertaking the role. Total costs of travel, accommodation and out of pocket expenses incurred during the period on the Institute's business by 21 Council members (2017: 23 Council members) amounted to £37,728 (2017 15 months: £59,935).

5 – Net Income for the Year

This is stated after charging:

	2018	2017
	£	£
Auditors remuneration:		
Audit fee for the group (excluding VAT)	13,600	13,325
Other services (excluding VAT)	9,600	7,050
Depreciation	71,319	87,781
Operating leases	<u>2,680</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

6 - Tangible Fixed Assets

GROUP	Freehold Property	Furniture, Fixtures & Fittings	Computers	Total £
Cost				
At 1 January 2018	1,633,870	395,688	353,051	2,382,609
Additions	-	14,118	36,690	50,808
Disposals	-	-	(77,057)	(77,057)
At 31 December 2018	<u>1,633,870</u>	<u>409,806</u>	<u>312,684</u>	<u>2,356,360</u>
Depreciation				
At 1 January 2018	756,016	379,799	264,201	1,400,016
Charge for the period	25,590	4,151	41,578	71,319
Disposals	-	-	(77,057)	(77,057)
At 31 December 2018	<u>781,606</u>	<u>383,950</u>	<u>228,722</u>	<u>1,394,278</u>
Net Book Value				
At 31 December 2018	<u>852,264</u>	<u>25,856</u>	<u>83,962</u>	<u>962,082</u>
At 31 December 2017	<u>877,854</u>	<u>15,889</u>	<u>88,850</u>	<u>982,593</u>
CHARITY				
CHARITY	Freehold Property	Furniture, Fixtures & Fittings	Computers	Total £
Cost				
At 1 January 2018	690,505	88,429	353,051	1,131,985
Additions	-	14,118	36,690	50,808
Disposals	-	-	(77,057)	(77,057)
At 31 December 2018	<u>690,505</u>	<u>102,547</u>	<u>312,684</u>	<u>1,105,736</u>
Depreciation				
At 1 January 2018	235,116	81,134	264,201	580,451
Charge for the period	13,810	2,862	41,578	58,250
Disposals	-	-	(77,057)	(77,057)
At 31 December 2018	<u>248,926</u>	<u>83,996</u>	<u>228,722</u>	<u>561,644</u>
Net Book Value				
At 31 December 2018	<u>441,579</u>	<u>18,551</u>	<u>83,962</u>	<u>544,092</u>
At 31 December 2017	<u>455,389</u>	<u>7,295</u>	<u>88,850</u>	<u>551,534</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

7a – Investments

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Listed investments - valuation				
As at 1 January	9,236,756	-	9,236,756	-
Additions	5,053,145	9,994,941	5,053,145	9,994,941
Disposals	(5,071,267)	(1,085,937)	(5,071,267)	(1,085,937)
Realised gain	(121,087)	8,917	(121,087)	8,917
Unrealised gain	(437,300)	318,835	(437,300)	318,835
At 31 December	8,660,247	9,236,756	8,660,247	9,236,756
Investment in subsidiary	-	-	1,000	1,000
Cash held as investments at period end	59,926	61,223	59,926	61,223
Total investments	8,720,173	9,297,979	8,721,173	9,298,979

The market values of the group's listed investments on the UK Stock exchange were:

	2018 £	2017 £
Managed funds – UK equities	1,996,811	1,658,765
Managed funds – overseas equities	3,081,623	3,172,374
Managed funds – alternative strategies	2,154,546	2,511,117
Managed funds – fixed interest securities	1,250,813	1,379,113
Managed funds – multi asset strategies	-	467,582
Managed funds – Inflation linked	132,961	-
Managed funds – commercial property	43,493	47,805
	8,660,247	9,236,756

The historical cost of the listed investments was £9,055,299 (2017: £9,012,257).

Other investments in the charitable company accounts were:

	2018 £	2017 £
Unlisted investments comprising of:		
Cash held in the investment portfolio	59,926	61,223
Institute of Biomedical Science (Professional Services) Ltd 1,000 Ordinary shares of £1 each	1,000	1,000
	60,926	62,223

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

7b - Subsidiary

The investment in the Institute of Biomedical Science (Professional Services) Limited represents 100% of that Company's ordinary share capital and is therefore a subsidiary undertaking. The subsidiary is registered in England and Wales and the registered office is 12, Coldbath square, London EC1R 5HL.

The Institute of Biomedical Science (Professional Services) Limited has made a qualifying charitable donation of £nil (2017: £21,413) to its parent company, the Institute of Biomedical Science.

The assets, liabilities and funds of the subsidiary were:

	2018	2017
	£	£
Assets	813,638	673,030
Liabilities	(867,500)	(672,017)
	<u>(53,862)</u>	<u>1,013</u>
Representing:		
Share Capital	1,000	1,000
Profit and Loss account	(54,862)	13
	<u>(53,862)</u>	<u>1,013</u>

Details of the subsidiary's profit and loss accounts are as follows:

	2018	2017
	(12 months)	(15 months)
	£	£
Turnover	34,518	1,435,119
Cost of sales	(62,007)	(900,458)
Gross profit	(27,489)	534,661
Other income	138	218
Administrative expenses	(21,217)	(28,466)
	(48,568)	506,413
Interest payable to parent undertaking	(16,181)	(20,628)
Corporation Tax	9,874	(89,792)
Gift aid donation to parent undertaking	-	(21,413)
Profit/(Loss) for the year	<u>(54,875)</u>	<u>374,580</u>

This subsidiary has been formed to deal with activities that are regarded as trading. Such activities include receiving income from trade exhibitions.

8 – Debtors

	2018		2017	
	Group	Charity	Group	Charity
	£	£	£	£
<u>Amounts falling due within 1 year:</u>				
Trade debtors	100,211	68,351	65,306	55,090
Prepayments	218,788	103,078	123,564	123,564
Accrued income	21,883	21,883	13,044	13,044
Taxation and social security	20,833	4,589	127,588	22,098
Amounts owed by group undertaking – Note 9	-	621,504	-	21,413
Other debtors	27,893	27,893	14,409	14,409
	<u>389,608</u>	<u>847,298</u>	<u>343,911</u>	<u>249,618</u>
<u>Amounts falling due more than 1 year</u>				
Amounts owed by group undertaking – Note 9	-	-	-	621,379
Total	<u>389,608</u>	<u>847,298</u>	<u>343,911</u>	<u>870,997</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

9 - Amounts Due From Subsidiary Undertaking

The Institute of Biomedical Science (the Institute) lent the Institute of Biomedical Science (Professional Services) Limited £725,000 in 1993 to purchase 12 Coldbath Square and to undertake refurbishment work. The loan is subject to a loan agreement allowing repayment over a 25 year period at variable rates of interest linked to the commercial lending rate of the company's bankers and a fixed and floating charge over the subsidiary company's assets exists to secure this loan. Interest charged on the loan during the year was £16,181 (2017 15 months: £20,628).

The loan was due to be repaid in October 2018. The balance owed at 31 December 2018 was £621,379 (2017: £621,379). The trustees of the Institute agreed not to enforce repayment of the loan until a review of property ownership within the group was concluded. Interest will continue to be charged on the outstanding balance.

Other intercompany balances owed at 31 December 2018 was £125 (2017: £nil).

Repayment of the loan will depend upon cash flow.

10 - Creditors

	2018		2017	
	Group £	Charity £	Group £	Charity £
Deferred income	507,862	269,887	241,419	241,419
Trade creditors	52,502	49,077	45,122	45,090
Taxation and social security costs	37,004	37,004	59,700	36,566
Accruals	270,659	267,059	268,346	263,446
Other creditors	18,351	17,356	19,268	18,109
	<u>886,378</u>	<u>640,383</u>	<u>633,855</u>	<u>604,630</u>

Deferred Income

	2018		2017	
	Group £	Charity £	Group £	Charity £
Balance brought forward	241,419	241,419	859,371	623,273
Amounts released to SOFA in current year	(241,419)	(241,419)	(859,371)	(623,373)
Amounts deferred in the current year	507,862	269,887	241,419	241,419
Balance carried forward	<u>507,862</u>	<u>269,887</u>	<u>241,419</u>	<u>241,419</u>

Deferred income includes amounts received for membership subscriptions, qualifications and Congress which relate to a future accounting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

11 – Financial Instruments

	2018		2017	
	Group £	Charity £	Group £	Charity £
Financial assets measured at amortised cost, cash and investments (a)	11,684,825	11,910,681	11,919,346	12,320,167
Financial liabilities measured at amortised cost (b)	(886,378)	(640,383)	(633,855)	(604,630)
Net financial assets measured at amortised cost	10,798,447	11,270,298	11,285,491	11,715,537

(a) Financial assets include cash, investments, trade debtors, accrued income and other debtors

(b) Financial liabilities include deferred income, trade creditors, accruals, taxation and social security and other creditors.

12 - Reconciliation of Movements in Unrestricted Reserves

Group	At 01/01/18 £	Income £	Expenditure £	Net gains / (losses) £	Transfers £	At 31/12/18 £
<u>Designated Funds:</u>						
Jen Johnson Bursary	79,891	-	-	-	-	79,891
Total designated funds	79,891	-	-	-	-	79,891
Accumulated funds	11,872,229	3,196,354	(3,145,904)	(121,087)	-	11,801,592
Pension reserve	2,073,000	-	(36,000)	(2,089,000)	-	(52,000)
Investment revaluation reserve	318,835	-	-	(437,300)	-	(118,465)
	14,343,955	3,196,354	(3,181,904)	(2,647,387)	-	11,711,018

Group	At 01/10/16 £	Income £	Expenditure £	Net gains / (losses) £	Transfers £	At 31/12/17 £
<u>Designated Funds:</u>						
Jen Johnson Bursary	-	-	(10,109)	-	90,000	79,891
Total designated funds	-	-	(10,109)	-	90,000	79,891
Accumulated funds	10,957,876	5,165,874	(4,170,438)	8,917	(90,000)	11,872,229
Pension reserve	1,913,000	-	(234,000)	394,000	-	2,073,000
Investment revaluation reserve	-	-	-	318,835	-	318,835
	12,870,876	5,165,874	(4,414,547)	721,752	-	14,343,955

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**12 – Reconciliation of Movements in Unrestricted Reserves (continued)**

Charity	At 01/01/18	Income	Expenditure	Net gains / (losses)	Transfers	At 31/12/18
	£	£	£	£	£	£
<u>Designated Funds:</u>						
Jen Johnson Bursary	79,891	-	-	-	-	79,891
Total designated funds	79,891	-	-	-	-	79,891
Accumulated Funds	11,872,216	3,237,805	(3,132,481)	(121,087)	-	11,856,453
Pension reserve	2,073,000	-	(36,000)	(2,089,000)	-	(52,000)
Investment revaluation reserve	318,835	-	-	(437,300)	-	(118,465)
	14,343,942	3,237,805	(3,168,481)	(2,647,387)	-	11,765,879

Charity	At 01/10/16	Income	Expenditure	Net gains / (losses)	Transfers	At 31/12/17
	£	£	£	£	£	£
<u>Designated Funds:</u>						
Jen Johnson Bursary	-	-	(10,109)	-	90,000	79,891
Total designated funds	-	-	(10,109)	-	90,000	79,891
Accumulated Funds	11,332,443	3,849,666	(3,228,810)	8,917	(90,000)	11,872,216
Pension reserve	1,913,000	-	(234,000)	394,000	-	2,073,000
Investment revaluation reserve	-	-	-	318,835	-	318,835
	13,245,443	3,849,666	(3,472,919)	721,752	-	14,343,942

The investment revaluation reserve represents the unrealised gains / (losses) on the investment portfolio since inception in 2017.

The Jen Johnson bursary was created in 2017 to give successful applicants the opportunity to attend Congress by providing help with the costs. A sum of £90,000 was transferred from accumulated funds to establish the bursary. Council expect the bursary to be utilised by the end of 2025 as Congress is a biennial event.

The outgoing resources of £36,000 shown in the pension reserve reflects the FRS102 valuation. The charge is the net balance of £51,000 finance income plus £121,000 employer contributions less administrative expenses of £221,000 and current and past service costs of £13,000.

The Statement of Financial Activities of the Institute of Biomedical Science does not, in the opinion of the Council, reflect the Institute's total activities without the consolidation of its subsidiary undertaking's results. The Institute has, therefore, produced the group Statement of Financial Activities Account but, as permitted by the Companies Act 2006 and the Charities SORP, has not included the charitable company's own Statement of Financial Activities Account. Net income / (expenditure) is inclusive of revaluation and other gains. The deficit realised by the charitable company, excluding the subsidiary, was £2,578,063 (2017 15 months: surplus £1,098,499).

The Institute is a charitable company limited by the guarantee of its members to a maximum of £1 per member on winding up.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**13 – Analysis of Net Assets Between Funds**

	2018	2017
	Unrestricted	Unrestricted
	£	£
Tangible fixed assets	962,082	982,593
Investments	8,720,173	9,297,979
Current assets	2,967,141	2,624,238
Current liabilities	(886,378)	(633,855)
Pension Scheme Asset	(52,000)	2,073,000
	<u>11,711,018</u>	<u>14,343,955</u>

14 - Pension Schemes

The Institute operates a defined contribution scheme with Royal London to meet the requirements of the Auto Enrolment legislation. The Institute pays a contribution of 4% of salary during the employee's probation period. On successful completion of the probation period the Institute pays twice the percentage that the employee contributes up to a maximum Institute contribution of 10% of salary.

The Institute operates a defined contribution scheme with AEGON. The Institute pays twice the percentage that the employee contributes up to a maximum Institute contribution of 10% of salary. The scheme is now closed to new entrants.

Total employer contributions into the defined contribution schemes in the period were £78,842 (2017 15 months: £78,302).

There were employer and employee contributions totalling £nil (2017 15 months: £nil) outstanding at the year end.

The Institute operates a funded defined benefit pension scheme in the UK. A full actuarial valuation was carried out at 31 March 2016 and showed a surplus of £1,253,000 compared to deficit of £109,000 in March 2013.

The valuation has been updated by a qualified independent actuary for FRS102 purposes. The actuary has advised that under FRS102 the Scheme has a deficit of £52,000 (2017: surplus £2,073,000) at the year end. During the year the Scheme was closed to future accrual for the four remaining active members. The Scheme Trustees have secured the liabilities in the Scheme via an insurance policy with Aviva. The policy is in the name of the Scheme Trustees.

The principal actuarial assumptions for FRS102 at the balance sheet date were as follows:

	2018	2017
	% pa	% pa
Discount rate	2.75	2.45
Expected long-term rate of return on Scheme assets	2.75	2.45
Salary inflation assumption	n/a	2.55
Inflation assumption (RPI)	3.55	3.55
Inflation assumption (CPI)	2.55	2.55
Pension increases (capped at 2.5% pa RPI linked)	2.50	2.50
Pension increases (capped at 5.0% pa RPI linked)	3.55	3.55

The underlying mortality assumption is based upon the standard table known as SAPS S2 Light Mortality tables, using the CMI 2017 future improvement factors and a long term rate of future improvement rate of 1.25% pa (2017: same mortality base table with CMI 2016 future improvement factors and a long term future improvement rate of 1.25% p.a.).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**14 - Pension Schemes (continued)**

The disclosures required by FRS102 are given below:

Employee benefit obligation recognised in the balance sheet	2018	2017
	£	£
Present value of Scheme liabilities	(5,779,000)	(6,206,000)
Market value of Scheme assets	5,727,000	8,279,000
(Deficit) / surplus in the Scheme	(52,000)	2,073,000
	<hr/>	<hr/>
Amounts recognised in the Statement of Financial Activity	2018	2017
	£	£
Current service cost plus life assurance premium	58,000	112,000
Administrative expenses	221,000	107,000
Interest on net defined benefit (asset)/liability	(51,000)	(44,000)
(Gain) / loss on plan changes	(71,000)	127,000
Total	157,000	302,000
	<hr/>	<hr/>
Actual return on Scheme assets	(2,319,000)	370,000
Changes in the present value of the Scheme liabilities	2018	2017
	£	£
Present value of Scheme liabilities at beginning of period	6,206,000	6,219,000
Current service cost	58,000	112,000
Employee contributions	12,000	19,000
Benefits paid	(154,000)	(203,000)
Interest on Scheme liabilities	149,000	140,000
Actuarial gains	(421,000)	(208,000)
(Gain) / loss on plan changes	(71,000)	127,000
Total	5,779,000	6,206,000
	<hr/>	<hr/>
Changes in the fair value of the Scheme assets	2018	2017
	£	£
Market value of Scheme assets at beginning of period	8,279,000	8,132,000
Contributions paid by Company	121,000	68,000
Employee contributions	12,000	19,000
Benefits paid	(154,000)	(203,000)
Administrative expenses	(221,000)	(107,000)
Interest on Scheme assets	200,000	184,000
Return on assets, less interest included in SOFA	(2,510,000)	186,000
Market value of Scheme assets at end of period	5,727,000	8,279,000
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**14 - Pension Schemes (continued)**

Major categories of Scheme assets as a % of total Scheme assets	2018	2017
Insurance Policy	101%	-%
Equities	-%	25%
Bonds & cash	(1)%	66%
Property	-%	9%
	100%	100%

There are no investments in property occupied by, assets used by or financial instruments issued by the Institute of Biomedical Science.

The expected long-term rate of return on the Scheme assets is expected to be in line with the discount rate which is 2.75% per annum (2017: 2.45%).

Analysis of actuarial (loss) / gain recognised in the SOFA	2018	2017
	£	£
Actual return less expected return on Scheme assets	(2,510,000)	186,000
Experience gains and losses arising on Scheme liabilities	57,000	68,000
Changes in assumptions underlying the present value of Scheme liabilities	364,000	140,000
Actuarial (loss) / gain recognised in SOFA	(2,089,000)	394,000

Movement in the surplus during the year	2018	2017
	£	£
Surplus in Scheme at beginning of the year	2,073,000	1,913,000
Recognised in SOFA	(157,000)	(302,000)
Employer contributions	121,000	68,000
Actuarial (loss) / gain	(2,089,000)	394,000
(Deficit) / surplus in Scheme at end of the year	(52,000)	2,073,000

There were employer and employee contributions totalling £nil (2017: £nil) outstanding at the year end.

The expected employer contribution for 2019 is £nil as the Scheme is now closed to future accrual.

15 – Auditors’ Remuneration

The auditors’ remuneration (excl. VAT) for the period for the Institute was £11,000 (2017: £11,440).

In addition the auditors provided corporation tax services to the charity and audit and corporation tax services to Institute of Biomedical Science (Professional Services) Ltd which were subject to a separate agreement.

16 – Capital Commitments

There were no capital commitments (2017: £nil) at the year end.

17 – Post Balance Sheet Events

There were no post balance sheet events.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**18 – Related Party Transactions**

The Institute owns 100% of the share capital in Institute of Biomedical Science (Professional Services) Ltd and its results are consolidated into these financial statements.

The key management personnel are the Council members and the senior management team. The Council members do not receive any remuneration. The cost of travel, accommodation and out of pocket expenses incurred by Council members on the Institute's business is met by the Institute and the amounts are disclosed in note 4.

Four Council members are also trustees of the Albert Norman Memorial Trust. During the year the Institute received £5,000 (2017 15 months: £nil) from the trust to support Biomedical Science Day in 2018.

During the year four Council members undertook a number of IBMS portfolio verification visits. A total of £4,478 (2017 15 months: £5,797 for eight Council members) of expenses was reimbursed in line with the Institute's expenses policy.

During the year seven members of Council received payments totalling of £2,730 (2017 15 mths: £2,920 for six Council members) for providing professional examination and accreditation services. In addition payments totalling £600 (2017 15 months: £1,340) were paid to the spouse of a member of the senior management team for providing professional examination and accreditation services. The payments were on the same basis as that made to others providing the same services.

A member of the senior management team is also a trustee of the Science Council. During the year the Institute incurred costs of £134,996 (2017 15 months: £83,600) from the Science Council. The costs related to membership and registration services.

A member of the senior management team is also a director of the International Federation of Biomedical Laboratory Science (IFBLS). The cost of travel, accommodation and out of pocket expenses related to this role is met by IFBLS. The cost of the IFBLS subscription paid by the Institute for the year was £6,843 (2017 15 months: £7,715).

A member of the senior management team is also a trustee director of the IBMS Pension Scheme, a defined benefit scheme. During the year the Institute met running costs relating to the Scheme of £34,567 (2017 15 mths: £82,222).