

INSTITUTE OF BIOMEDICAL SCIENCE

Company Number 377268

Charity Number 261926

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

**INSTITUTE OF BIOMEDICAL SCIENCE
CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Page
Council Members' Report	1-6
Report of the Independent Auditors	7-8
Consolidated Statement of Financial Activities	9
Consolidated Balance Sheet	10
Charity Only Balance Sheet	11
Consolidated Statement of Cash Flows	12
Notes to the Financial Statements	13-28

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 30 September 2016.

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 year or on the date of approval of this report, were:

Nigel Coles	Jane Needham
Sean Conlan	Joyce Overfield
David Eccleston	Debra Padgett
Alison Geddis	Sandra Phinbow
Jennifer Hancock	Robert Simpson
Charles Houston (appointed 4/6/2016)	Daniel Smith
Nicholas Kirk (resigned 31/12/2016)	Matthew Smith
Betty Kyle (resigned 4/6/2016)	Ian Sturdgess
James G McNair	Andrew Usher
Colin Mudd	David Wells
Christine Murphy (resigned 30/11/2016)	Allan Wilson

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
26 Red Lion Square
London
WC1R 4AG

Bankers:

National Westminster Bank plc
Cavendish Square Branch
PO Box 4NU
1 Cavendish Square
London
W1A 4NU

Investment Advisors:

JP Morgan Asset Management (UK) Ltd
125 London Wall
London
EC2Y 5AJ

Solicitors:

Fladgate LLP
25 North Row
London
W1R 1DJ

Council Members' Report (continued)

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

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 committees. These committees are set up by Council and are given specific aims. They report back to Council at regular intervals and include (amongst others):

- The Executive and Finance Committee which is responsible for all legal and governance issues. It formulates the financial strategy, monitors its implementation and makes recommendations to Council.
- 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 Institute has a full time Chief Executive who is accountable directly to Council. The Institute's full time 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. There were no risks which were considered to be high and requiring immediate action. 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
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. • New application form has been introduced.
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. • New grades of membership created to respond to changing needs.
Institute fails to maintain and deliver a contemporary education strategy that is relevant to members and employers.	<ul style="list-style-type: none"> • Education strategy approved by Council • Congress Committee ensures relevance of educational content of Congress programme • Good working relationships with HUCBMS, RCPATH and other education providers. • Ongoing engagement with HEEAG and HCPC.

Council Members' Report (continued)

RELATED PARTIES

The Institute has a wholly owned subsidiary, Institute of Biomedical Science (Professional Services) Limited. The subsidiary undertakes trading activities on behalf of the Charity. Details are shown in note 7b to the accounts.

The Institute meets the cost of travel, accommodation and out of pocket expenses incurred by Council members while on Institute's business. Details are shown in Note 4.

Objectives, Activities, Achievements and Performance

The Institute is a registered charity and its objects are to promote the study and development of biomedical science.

It achieves this through a number of activities which includes professional publications, running courses and seminars, 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 year are summarised below:

<i>Supporting our members</i>	<ul style="list-style-type: none"> • Implemented the Institute's diversity strategy. • Promoted the International Federation of Biomedical Laboratory Science (IFBLS) awards and bursaries to our members. • Completed and launched the new website to improve online services for members.
<i>Professional development and standard setting</i>	<ul style="list-style-type: none"> • Further developed the histopathology reporting qualification in conjunction with RCPATH. • Launched a new version of the registration portfolio which included a separate guidance document. • Launched a Certificate of Competence by Equivalence (Biomedical Scientist) • Responded to the HCPC consultation on Guidance for Conduct and Ethics for students. • Launched a new and improved CPD scheme. • Revised the eligibility criteria for the Advanced Specialist Diploma and for the Mary MacDonald prize.
<i>Advancement of biomedical science</i>	<ul style="list-style-type: none"> • Used case studies to highlight the importance of rigorous and responsive vocational qualifications for the development of a highly skilled scientific workforce. • Re-launched the British Journal of Biomedical Science with a new publisher and editor. • Published new editions of histopathology and immunology text books in the Fundamentals of Biomedical Science series. • Agreed the payment of four research grants totalling £18,111 to support members' individual research projects.
<i>Advocacy</i>	<ul style="list-style-type: none"> • Developed an online resource for members involved in public engagement. • Ran campaigns to raise the profile of biomedical science including on International Women's Day. • Continued to promote careers in biomedical science and took part in the Big Bang fair
<i>Organisational robustness</i>	<ul style="list-style-type: none"> • Appointed the first lay member to the Institute's Council • Implemented an online nomination process for electing members to the Council • Reviewed the contracts for the Biomedical Scientist publication and for the management of the biennial Congress event. • Started work on reviewing the investment strategy • Undertook a comprehensive review of the risk register and KPIs and agreed new measures with Council.

Council Members' Report (continued)

The Council has identified a number of Key performance Indicators (KPIs) to help monitor the organisation's performance. These include:

- Membership numbers – the target for the year was exceeded overall. The number of members in the fellow category was slightly below target but the number of licentiate members was significantly ahead of target.
- Educational activity – the number of registrations for the Institute's qualifications exceeded target and interest in our distance learning qualifications remained strong. We continued to undertake a significant number of assessments of third party university degree courses.
- Financial performance- the Institute generated a healthy financial surplus for the year, partly helped by a corporation tax refund for the trading subsidiary.
- 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 activities outlined in the previous paragraphs ultimately enhance the skills and knowledge of members and those collaborating with members and hence improves the delivery of public health care.

Financial Review

The combined results of the Institute and its subsidiary are shown on pages 9 to 10 of the financial statements. The Institute is a non profit-making organisation and accordingly no dividends are proposed.

This is the first year the accounts have been prepared under FRS102 and the new Charities SORP. The comparative figures have been restated.

The Group Statement of Financial Activities on page 9 shows net income of £835,057 which includes a realised gain on investments of £250,421. At the end of September JP Morgan closed the charity funds in which the Institute was invested and returned the funds. Work is underway to update the investment strategy and re-invest the funds.

Both income and expenditure are lower than last year as there was no Congress in the year. Membership income increased by 4% compared to last year. Membership numbers increased from 19,834 at the end of September 2015 to 20,146 at the end of September 2016 and there was a 3% increase in subscription fees. Expenditure in 2016 included costs relating to the redevelopment of the website and the development of an international strategy.

There was an actuarial gain (as measured by FRS102) on the Institute's defined benefit pension scheme of £635,000. Overall, including the results of IBMS (Professional Services) Ltd, there was an increase in funds of £1,470,057 for the year. This has been transferred to total funds

IBMS (Professional Services) Ltd made a loss before tax of £31,927. This was in line with the directors' expectations as there was no Congress during the year. The corporation tax computation for the prior years was reviewed during the year and this resulted in a reclaim of the corporation tax paid for 2014/15. The company reported a profit after tax of £153,039. This was transferred to 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 maintain income while preserving the real value of investments.

The Council establishes the investment strategy and takes advice from its investment advisors who manage the portfolio on a day to day basis.

Council Members' Report (continued)

Grant-Making Policy

The Education and Professional Standards Committee makes grant recommendations to Council after detailed assessment of each application. Grants this year totalled £18,111 (2015: £22,088).

All grants during the current and preceding year were made to individuals in order to further their biomedical research.

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 elected officers.

Defined Benefit Pension Scheme

The FRS102 assessment of the defined benefit scheme shows a surplus as at 30 September 2016. This has been recognised as an asset on the balance sheet, as the charitable company reserves the right to offset future contributions should the pension scheme prove to be overfunded.

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), and any surplus or deficit reported on the pension scheme. There are no restricted or designated 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 £5million.

The Institute's free reserves were £9.926 million at 30 September 2016 (2015: £9.064 million).

Council has agreed that if reserves fall by more than 10% below the target range, the Executive & Finance Committee 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 Members' Report.

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)

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.

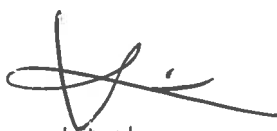
Auditors


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 3rd March 2017 and signed on their behalf by:


 I Sturdgess
 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

We have audited the financial statements of Institute of Biomedical Science for the year ended 30 September 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated Summary Income and Expenditure Account, the group and charitable company Balance Sheets, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Council Members and Auditor

As explained more fully in the Council's Responsibilities Statement set out on pages 5 and 6, the Council Members (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.

We have been appointed auditor under the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 September 2016 and of the group's and the parent charitable company's net movement in funds, including the group's and the parent 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.

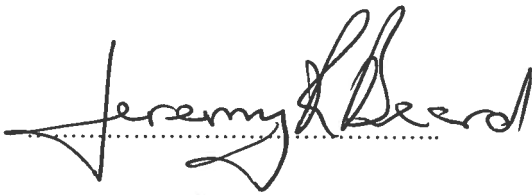
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Council Members' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the charitable company and group have not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated charitable company's 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 Council Members were not entitled to take advantage of the small companies exemption in preparing the Council's Annual Report or from the requirement to prepare a Strategic Report.

A handwritten signature in black ink, reading 'Jeremy Beard', written over a horizontal dotted line.

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

3rd March 2017

*26 Red Lion Square
London
WC1R 4AG*

haysmacintyre 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 30 September 2016
(Incorporating the Income and Expenditure Account)

		Unrestricted Funds	
	Notes	2016	2015
		£	(Restated)
		£	£
Income from:			
<u>Charitable activities</u>			
Subscriptions		2,283,903	2,194,599
Qualifications		288,935	238,390
Registrations		192,790	187,170
Publications		26,907	20,394
Regions and branches and discussion groups	2	161,182	129,469
Other income		12,994	3,909
<u>Trading activities</u>		46,990	1,362,033
<u>Investments</u>			
Investment income		105,529	105,349
Bank interest		60,902	58,241
Total Income		3,180,132	4,299,554
Expenditure on:			
<u>Raising Funds</u>			
Trading activities		(65,591)	1,020,516
Investment management fees		-	1,254
<u>Charitable activities</u>			
Education, qualifications and registration	3	1,126,779	921,229
Publications	3	41,702	69,623
Regions and branches and discussion groups	2,3	337,250	236,657
Member events, representation and benefits	3	1,127,292	1,057,438
Grants and prizes		28,064	28,960
Total Expenditure		2,595,496	3,335,677
Net gains / (losses) on investments		250,421	(18,272)
Net income		835,057	945,605
Other recognised gains / (losses)			
Actuarial gains / (losses) on defined benefit pension scheme	14	635,000	131,000
NET MOVEMENT IN FUNDS FOR THE YEAR		1,470,057	1,076,605
Total funds brought forward		11,400,819	10,324,214
Total funds carried forward	12	12,870,876	11,400,819

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 a comparable Statement of Financial Activities is not needed.

The notes on pages 13 to 28 form part of these financial statements.

Consolidated Balance Sheet as at 30 September 2016

	Notes	2016 £	2015 (Restated) £
Fixed Assets			
Tangible assets	6	1,031,564	1,102,545
Investments	7a	4,155,704	3,905,283
		<u>5,187,268</u>	<u>5,007,828</u>
Current Assets			
Stock		1,800	2,701
Debtors	8	630,347	678,759
Cash at bank and in hand		6,503,821	6,095,799
		<u>7,135,968</u>	<u>6,777,259</u>
Creditors: amounts falling due within one year	10	1,365,360	1,618,268
Net Current Assets		<u>5,770,608</u>	<u>5,158,991</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,957,876	10,166,819
Defined Benefit Pension Scheme Asset	14	1,913,000	1,234,000
Net Assets		<u>12,870,876</u>	<u>11,400,819</u>
Unrestricted Funds			
Accumulated fund		10,957,876	9,126,830
Revaluation Reserve		-	1,039,989
Pension Reserve		1,913,000	1,234,000
	12	<u>12,870,876</u>	<u>11,400,819</u>

Approved and authorised for issue by Council on 3rd March 2017 and signed on their behalf by:



I Sturdgess
President




R A I Simpson
Treasurer


The notes on pages 13 to 28 form part of these financial statements.

Charity Balance Sheet as at 30 September 2016

	Notes	2016 £	2015 (Restated) £
Fixed Assets			
Tangible assets	6	583,798	641,133
Investments	7a	4,156,704	3,906,283
		<u>4,740,502</u>	<u>4,547,416</u>
Current Assets			
Stock		1,800	2,701
Debtors	8	1,250,911	1,533,817
Cash at bank and in hand		6,439,894	5,599,642
		<u>7,692,605</u>	<u>7,136,160</u>
Creditors: amounts falling due within one year	10	1,100,664	989,151
Net Current Assets		<u>6,591,941</u>	<u>6,147,009</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,332,443	10,694,425
Defined Benefit Pension Scheme Asset	14	1,913,000	1,234,000
Net Assets		<u>13,245,443</u>	<u>11,928,425</u>
Unrestricted Funds			
Accumulated fund		11,332,443	9,654,436
Revaluation Reserve		-	1,039,989
Pension Reserve		1,913,000	1,234,000
	12	<u>13,245,443</u>	<u>11,928,425</u>

Approved by Council and authorised for issue on 3rd March 2017 and signed on their behalf by:


I Sturdgess
President


R A I Simpson
Treasurer

The notes on pages 13 to 28 form part of these financial statements.

Consolidated Statement of Cash Flows for the Year Ended 30 September 2016

	Notes	2016	2015
		£	£
Reconciliation of net income / (expenditure) to cash flow from operating activities			
Net income for the reporting period (as per Statement of Financial Activities)		835,057	945,605
<i>Adjustments for:</i>			
Pension scheme operating charge		(44,000)	(44,000)
Depreciation of property, plant and equipment	6	73,595	91,947
(Gains) / losses on investments		(250,421)	18,272
Dividends and interest		(166,431)	(163,590)
Decrease in stock		901	100
Decrease in debtors	8	48,412	21,148
Increase / (decrease) in creditors	10	(252,909)	403,188
Net cash provided by operating activities		244,204	1,272,670
Cash flows from investing activities			
Investment income and bank interest		166,431	163,590
Purchase of property, plant and equipment	6	(2,613)	(50,570)
Net cash provided by investing activities		163,818	113,020
Change in cash and cash equivalents in the reporting period		408,022	1,385,690
Cash and cash equivalents at start of year		6,095,799	4,710,109
Cash and cash equivalents at end of year		6,503,821	6,095,799
Components of cash and cash equivalents			
Cash at bank and in hand		2,723,483	1,174,704
Short term deposits		3,780,338	4,921,095
		6,503,821	6,095,799

The notes on pages 13 to 28 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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. 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 for the year ended 30 September 2016 are the first financial statements that comply with FRS102.

Transition to FRS102

This is the first year the Institute has prepared the financial statements under FRS102. The last financial statements under the previous UK GAAP were for the year ended 30 September 2015. The date of transition to FRS102 is 1 October 2014.

The transition to FRS102 has required the Charity to change some of its accounting policies from those applied under previous UK GAAP. The nature of this change and the impact on opening reserves and surplus for the comparative period are explained in note 18. The changes are as follows:

- Revenue recognition: under previous UK GAAP, revenue was recognised when its receipt was considered to be virtually certain. In accordance with FRS102, revenue is recognised when its receipt is probable. This change of policy has not led to any restatement of prior year amounts.
- Recognition of holiday pay accrual: this has led to the restatement of prior year amounts (see note 18).

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 as it is a registered charity in England and Wales.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 (CONTINUED)**1 - Accounting Policies (continued)**

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.

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 amounted to £3,178,981 (2015: £2,978,168). Net income before other gains/losses amounted to £431,597 (2015: restated: £589,087).

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's 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 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), 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 and 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 30 SEPTEMBER 2016 (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 brought into 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 30 SEPTEMBER 2016 (CONTINUED)**1 - Accounting Policies (continued)**

In the year ended 30 September 2016, the surplus 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 20% and 21% on surpluses made 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 year end of £306,513 (2015: £273,570) 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 30 SEPTEMBER 2016 (CONTINUED)**3 - Total Expenditure**

	Direct costs	Support costs	Total 2016	Total 2015 (Restated)
	£	£	£	£
Trading activities	(110,549)	44,958	(65,591)	1,020,516
Investment management fees	-	-	-	1,254
Education, qualifications and registration	517,600	609,179	1,126,779	921,229
Publications	34,209	7,493	41,702	69,623
Regions, Branches & Discussion Groups	284,799	52,451	337,250	236,657
Membership events, representation and benefits	667,974	459,318	1,127,292	1,057,438
Grants & Prizes	28,064	-	28,064	28,960
Total Resources Expended	<u>1,422,097</u>	<u>1,173,399</u>	<u>2,595,496</u>	<u>3,335,677</u>

The direct costs for trading activities are negative in 2016 due to the reclaim of corporation tax for the previous year.

Grants made during the current year totalled £18,811 to 4 individuals. In the preceding year they totalled £22,088 to 6 individuals.

Support Costs

	2016	2015 (Restated)
	£	£
People costs	548,262	495,681
Office running costs	181,186	172,804
IT & website	145,337	73,773
Irrecoverable VAT	101,866	43,707
Depreciation	59,948	67,492
Other costs	44,642	33,276
<u>Governance</u>		
Council and Committees	81,408	73,010
Audit	10,750	10,000
	<u>1,173,399</u>	<u>969,743</u>

The above support costs have been apportioned between the various activities according to the estimated usage of staff resources, as follows:

	2016	2015 (Restated)
	£	£
Trading activities	44,958	34,227
Investment management	-	-
Education, qualifications and registration	609,197	454,638
Publications	7,493	5,705
Regions, branches and discussion groups	52,451	39,930
Membership events, representation, and benefits	459,318	435,243
Grants and prizes	-	-
Total	<u>1,173,399</u>	<u>969,743</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 (CONTINUED)**4 - Staff Costs**

	2016	2015
	£	£
Salaries and wages	902,832	878,748
Social security	97,050	97,690
Employer pension contributions – DB scheme	58,253	49,827
Employer pension contributions – DC scheme	51,691	47,536
Redundancy costs	9,820	7,568
Temporary staff	173,424	131,737
Life assurance	4,943	4,665
Staff expenses	20,368	13,652
Defined benefit pension scheme running costs	74,153	66,683
Recruitment and training	21,366	12,400
	1,413,900	1,310,506

The average number of employees in the year was: 22 23

The number of staff whose emoluments for the year fell within the following bands were:

£60,000 to £70,000	2	2
£70,000 to £80,000	1	1
£120,000 to £130,000	-	1
£130,000 to £140,000	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 was £512,775 (2015: £494,885). In both 2016 and 2015 the Executive Head of Finance role was undertaken by an external consultant for the majority of both years. The cost is included in temporary staff above.

None of the Council members received any emoluments or benefits from the Institute during the year. Total costs of travel, accommodation and out of pocket expenses incurred on the Institute's business by 19 Council members (2015: 21 Council members) amounted to £45,332 (2015: £47,390).

5 – Net Income for the Year

This is stated after charging:

	2016	2015
	£	£
Auditors remuneration:		
Audit fee for the group (excluding VAT)	12,850	11,250
Other Services	1,000	-
Depreciation	73,595	91,947
Operating leases	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 (CONTINUED)**6 - Tangible Fixed Assets**

GROUP	Freehold Property	Furniture, Fixtures & Fittings	Computers	Total £
Cost				
At 1 October 2015	1,633,870	395,113	313,967	2,342,950
Additions	-	-	2,613	2,613
Disposals	-	-	(1,764)	(1,764)
At 30 September 2016	<u>1,633,870</u>	<u>395,113</u>	<u>314,816</u>	<u>2,343,799</u>
Depreciation				
At 1 October 2015	698,440	373,796	168,169	1,240,405
Charge for the year	25,590	2,908	45,097	73,595
Disposals	-	-	(1,764)	(1,764)
At 30 September 2016	<u>724,029</u>	<u>376,704</u>	<u>211,502</u>	<u>1,312,235</u>
Net Book Value				
At 30 September 2016	<u>909,841</u>	<u>18,409</u>	<u>103,314</u>	<u>1,031,564</u>
At 30 September 2015	<u>935,430</u>	<u>21,316</u>	<u>145,799</u>	<u>1,102,545</u>
COMPANY	Freehold Property	Furniture, Fixtures & Fittings	Computers	Total £
Cost				
At 1 October 2015	690,505	87,854	313,967	1,092,326
Additions	-	-	2,613	2,613
Disposals	-	-	(1,764)	(1,764)
At 30 September 2016	<u>690,505</u>	<u>87,854</u>	<u>314,816</u>	<u>1,093,175</u>
Depreciation				
At 1 October 2015	204,043	78,981	168,169	451,193
Charge for the year	13,810	1,041	45,097	59,948
Disposals	-	-	(1,764)	(1,764)
At 30 September 2016	<u>217,853</u>	<u>80,022</u>	<u>211,502</u>	<u>509,377</u>
Net Book Value				
At 30 September 2016	<u>472,652</u>	<u>7,832</u>	<u>103,314</u>	<u>583,798</u>
At 30 September 2015	<u>486,462</u>	<u>8,872</u>	<u>145,799</u>	<u>641,133</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 (CONTINUED)**7a – Investments**

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Listed investments - valuation				
As at 1 October	2,905,283	2,923,555	2,905,283	2,923,555
Disposals	(3,155,704)	-	(3,155,704)	-
Realised gain	250,421	-	250,421	-
Unrealised(loss)	-	(18,272)	-	(18,272)
At 30 September	-	2,905,283	-	2,905,283
Other investments	-	-	1,000	1,000
Cash held as investments at 30/9	4,155,704	1,000,000	4,155,704	1,000,000
Total investments	4,155,704	3,905,283	4,156,704	3,906,283

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

	2016	2015
	£	£
Managed funds – UK equities	-	1,771,058
Managed funds – fixed interest	-	1,134,225
	-	2,905,283

In September 2016 JP Morgan closed the charitable funds in which the IBMS was invested and returned the proceeds of £3,155,704 to the IBMS. There was a realised gain of £250,421 arising in the year from this transaction. The IBMS invested the funds returned from JP Morgan and the £1 million previously held in the Lloyds Bank 5 year structured deposit on a short term treasury deposit maturing in January 2017. The IBMS has engaged an investment adviser to help identify a suitable long term investment product.

Other investments in the charitable company accounts were:

	2016	2015
	£	£
Unlisted investments comprising of:		
Lloyds Bank treasury deposit (maturing January 2017)	4,155,704	-
Lloyds Bank 5 year structured deposit (linked to 3 month LIBOR) (maturing 22 September 2016)	-	1,000,000
Institute of Biomedical Science (Professional Services) Ltd		
1,000 Ordinary shares of £1 each	1,000	1,000
	4,156,704	1,001,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 (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.

The Institute of Biomedical Science (Professional Services) Limited has made a qualifying charitable donation of £Nil (2015: £Nil) to its parent company, the Institute of Biomedical Science.

The assets, liabilities and funds of the subsidiary were:

	2016 £	2015 £
Assets	880,049	1,080,421
Liabilities	(1,253,616)	(1,607,027)
	<u>(373,567)</u>	<u>(526,606)</u>
Representing:		
Share Capital	1,000	1,000
Profit and Loss account	(374,567)	(527,606)
	<u>(373,567)</u>	<u>(526,606)</u>

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

	2016 £	2015 £
Turnover	46,990	1,361,283
Cost of sales	(43,231)	(800,791)
Gross profit	3,759	560,492
Other income	187	1,126
Administrative expenses	(18,036)	(27,435)
	<u>(14,090)</u>	<u>534,183</u>
Interest payable to parent undertaking	(17,837)	(18,125)
Corporation Tax	184,966	(118,370)
Profit/(Loss) for the year	<u>153,039</u>	<u>397,688</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

	2016		2015	
	Group £	Company £	Group £	Company £
<u>Amounts falling due within 1 year:</u>				
Trade debtors	145,738	70,867	150,160	49,852
Prepayments	170,380	61,975	61,177	61,177
Accrued income	126,258	126,258	462,489	439,945
Taxation and social security	185,080	-	-	-
Amounts owed by group undertaking – Note 9	-	263,920	-	252,910
Other debtors	2,891	2,891	4,933	4,933
	<u>630,347</u>	<u>525,911</u>	<u>678,759</u>	<u>808,817</u>
<u>Amounts falling due more than 1 year</u>				
Amounts owed by group undertaking – Note 9	-	725,000	-	725,000
Total	<u>630,347</u>	<u>1,250,911</u>	<u>678,759</u>	<u>1,533,817</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 (CONTINUED)**9 - Amounts Due From Subsidiary Undertaking**

The Institute of Biomedical Science lent the Institute of Biomedical Science (Professional Services) Limited monies to purchase 12 Coldbath Square and to provide working capital.

Of the £988,920 owed at 30 September 2016 (2015: £977,910), £725,000 was specifically identified as lent for the purchase of the lease (now freehold) and refurbishment of the building.

This £725,000 is subject to a separate 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 was £17,837 (2015: £18,125).

The remainder of the amount loaned to the subsidiary company is to provide working capital to the trading company and no interest is expected on these amounts.

Repayments of the loan will depend upon cash flow.

10 - Creditors

	2016		2015 (Restated)	
	Group	Company	Group	Company
	£	£	£	£
Deferred income	859,371	623,273	615,681	615,681
Trade creditors	124,278	124,248	102,465	19,163
Taxation and social security costs	74,616	50,192	186,152	27,079
Accruals	270,573	267,473	664,625	285,732
Other creditors	36,522	35,478	49,345	41,496
	<u>1,365,360</u>	<u>1,100,664</u>	<u>1,618,268</u>	<u>989,151</u>

Deferred Income

	2016		2015	
	Group	Company	Group	Company
	£	£	£	£
Balance brought forward	615,681	615,681	775,653	589,303
Amounts released to SOFA in current year	(615,681)	(615,681)	(775,653)	(589,303)
Amounts deferred in the current year	<u>859,371</u>	<u>623,373</u>	<u>615,681</u>	<u>615,681</u>
Balance carried forward	<u>859,371</u>	<u>623,373</u>	<u>615,681</u>	<u>615,681</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 30 SEPTEMBER 2016 (CONTINUED)**11 – Financial Instruments**

	2016		2015	
	Group £	Company £	Group £	Company £
Financial assets measured at amortised cost (a)	11,289,872	11,846,509	10,679,841	11,038,742
Financial liabilities measured at amortised cost (b)	(1,365,360)	(1,100,664)	(1,618,268)	(989,151)
Net financial assets measured at amortised cost	9,924,512	10,745,845	9,061,573	10,049,591

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

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

12 - Reconciliation of Movements in Unrestricted Reserves

Group	Accumulated Fund (Re-stated)	Revaluation Reserve	Pension Reserve	Total (Re-stated)
	£	£	£	£
Brought forward 1 October 2015	9,126,830	1,039,989	1,234,000	11,400,819
Incoming resources	3,180,132	-	-	3,180,132
Resources expended	(2,595,496)	-	-	(2,595,496)
Other gains/(losses)	250,421	-	635,000	885,421
Transfers to/(from) fund	995,989	(1,039,989)	44,000	-
Carried forward 30 September 2016	10,957,876	-	1,913,000	12,870,876

Company	Accumulated Fund (Restated)	Revaluation Reserve	Pension Reserve	Total (Restated)
	£	£	£	£
Brought forward 1 October 2015	9,654,436	1,039,989	1,234,000	11,928,425
Incoming resources	3,178,981	-	-	3,178,981
Resources expended	(2,747,384)	-	-	(2,747,384)
Other gains/(losses)	250,421	-	635,000	885,421
Transfers to/(from) fund	995,989	(1,039,989)	44,000	-
Carried forward 30 September 2016	11,332,443	-	1,913,000	13,245,443

The transfer of £44,000 to the Pension Reserve reflects the FRS102 valuation. The transfer is the net balance of £46,000 finance income plus £61,000 employer contributions less past service costs of £63,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 (CONTINUED)**12 - Reconciliation of Movements in Unrestricted Reserves (continued)**

The Statement of Financial Activities account 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 incoming/(outgoing) resources are inclusive of revaluation and other gains. The surplus realised by the charitable company, excluding the subsidiary, was £1,317,018 (2015 restated: £701,815).

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

13 – Analysis of Net Assets Between Funds

	2016	2015
	Unrestricted	Unrestricted
	£	£
Fixed assets (tangible)	1,031,564	1,102,545
Investments	4,155,704	3,905,283
Current assets	7,135,968	6,777,259
Current liabilities	(1,365,360)	(1,618,268)
Pension Scheme Asset	1,913,000	1,234,000
	<u>12,870,876</u>	<u>11,400,819</u>

14 - Pension Schemes

The Institute operates a defined contribution scheme with Peoples Pension to meet the requirements of the Auto Enrolment legislation. The Institute pays a contribution of 2% 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 year were £51,691 (2015: £47,536).

There were employer and employee contributions totalling £6,581 (2015: £5,852) 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 surplus of £1,913,000 (2015: £1,234,000) at the year end. The increase from 2015 is mainly due to the liability driven investment approach adopted and because inflation has been lower than expected compared to the previous year's assumptions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 (CONTINUED)**14 - Pension Schemes (continued)**

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

	2016	2015
	% pa	% pa
Discount rate	2.30	3.70
Expected long-term rate of return on Scheme assets	2.30	3.70
Salary inflation assumption	2.25	3.80
Inflation assumption (RPI)	3.25	3.30
Inflation assumption (CPI)	2.25	2.30
Pension increases (capped at 2.5% pa RPI linked)	2.50	2.50
Pension increases (capped at 5.0% pa RPI linked)	3.25	3.30

The underlying mortality assumption is based upon the standard table known as SAPS S2 Light Mortality tables, using the CMI 2015 projection method with a long term improvement rate of 1.25% pa (2015: SAPS S1 Light Mortality table and using the CMI 2014 projection table adopted and the same long term improvement rate).

The disclosures required by FRS102 are given below:

Employee benefit obligation recognised in the balance sheet	2016	2015
	£	£
Present value of Scheme liabilities	(6,219,000)	(5,033,000)
Market value of Scheme assets	8,132,000	6,267,000
Surplus in the Scheme	<u>1,913,000</u>	<u>1,234,000</u>

Amounts recognised in the Statement of Financial Activity	2016	2015
	£	£
Current service cost plus life assurance premium	63,000	53,000
Interest on net defined benefit (asset)/liability	(46,000)	(44,000)
Total	<u>17,000</u>	<u>9,000</u>

Actual return on Scheme assets	1,927,000	573,000
--------------------------------	-----------	---------

Changes in the present value of the Scheme liabilities	2016	2015
	£	£
Present value of Scheme liabilities at beginning of period	5,033,000	4,757,000
Current service cost	63,000	53,000
Employee contributions	17,000	16,000
Benefits paid	(140,000)	(191,000)
Interest on Scheme liabilities	185,000	195,000
Actuarial (gains)/losses	1,061,000	203,000
Total	<u>6,219,000</u>	<u>5,033,000</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 (CONTINUED)**14 - Pension Schemes (continued)**

Changes in the fair value of the Scheme assets	2016	2015
	£	£
Market value of Scheme assets at beginning of period	6,267,000	5,810,000
Contributions paid by Company	61,000	59,000
Employee contributions	17,000	16,000
Benefits paid	(140,000)	(191,000)
Interest on Scheme assets	231,000	239,000
Return on assets, less interest included in SOFA	1,696,000	334,000
Market value of Scheme assets at end of period	<u>8,132,000</u>	<u>6,267,000</u>

The agreed contribution to be paid by the Employer for the forthcoming year is 24.2% of salaries. In future death in service premiums and all Scheme expenses will be paid by the Scheme and this is subject to review at future actuarial valuations. They were previously paid by the Institute.

Major categories of Scheme assets as a % of total Scheme assets	2016	2015
Equities	23%	25%
Bonds & cash	69%	65%
Property	8%	10%
	<u>100%</u>	<u>100%</u>

The expected long-term rate of return on the Scheme assets is expected to be in line with the discount rate which is 2.3% per annum (2015: 3.7%).

Analysis of actuarial gain recognised in the SOFA	2016	2015
	£	£
Actual return less expected return on Scheme assets	1,696,000	334,000
Experience gains and losses arising on Scheme liabilities	145,000	112,000
Changes in assumptions underlying the present value of Scheme liabilities	(1,206,000)	(315,000)
Actuarial gain/(loss) recognised in SOFA	<u>635,000</u>	<u>131,000</u>

Movement in the surplus during the year	2016	2015
	£	£
Surplus in Scheme at beginning of the year	1,234,000	1,053,000
Recognised in SOFA	(17,000)	(9,000)
Employer contributions	61,000	59,000
Actuarial gain/(loss)	635,000	131,000
Surplus in Scheme at end of the year	<u>1,913,000</u>	<u>1,234,000</u>

There were employer and employee contributions totalling £6,280 (2015: £6,061) outstanding at the year end

The expected employer contribution for 2017 is £61,610.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 (CONTINUED)**15 – Auditors’ Remuneration**

The auditors’ remuneration for the year for the Institute was £10,750 (2015: £10,000).

In addition the auditors provided audit and corporation tax services to IBMS (Professional Services) Ltd which were subject to a separate agreement.

16 – Capital Commitments

There were no capital commitments (2015: £nil) at the year end.

17 - Contingent Liabilities

The charitable company operates a partial exemption scheme for Value Added Tax and with the assistance of a professional adviser, is in the process of agreeing with HM Revenue & Customs, an appropriate rate of VAT recovery on overheads. If the outcome of the discussions is that a lower recovery rate should have been claimed, there would be tax to pay and therefore remains a contingent liability.

18 – Reconciliation of the Impact of Adopting FRS102

Reconciliation of unrestricted funds	1 October 2014 £	30 September 2015 £
Unrestricted funds as previously stated	10,351,928	11,427,240
Holiday pay accrual	(27,714)	(26,421)
Unrestricted funds as restated	<u>10,324,214</u>	<u>11,400,819</u>
Reconciliation of SOFA		
		Year ended 30 September 2015 £
Net movement in funds for the year as previously stated		1,075,312
Holiday pay accrual		1,293
Net movement in funds for the year as restated		<u>1,076,605</u>
Reconciliation of net income reported on SOFA		
		Year ended 30 September 2015 £
Net income as previously stated		958,584
Adjustment for holiday pay accrual		1,293
Adjustment for investment losses now treated as a component of net income		(18,272)
Adjustment for FRS102 accounting for defined benefit pension scheme		4,000
Net movement in funds for the year as restated		<u>945,605</u>

Prior to the adoption of FRS102 the Institute did not make provision for holiday pay earned but not taken before the year end. FRS102 requires the cost of short term compensated absences to be recognised when employees provide the service that increases their entitlement.

An additional accrual of £27,714 at the transition date of 1 October 2014 has been made to reflect this. The provision at 30 September 2015 had reduced to £26,421 and the decrease in the provision of £1,293 has been charged to the SOFA in the year ended 30 September 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 (CONTINUED)

19 – Post Balance Sheet Events

There were no post balance sheet events.

20 – Related Party Transactions

The Institute owns 100% of the share capital in IBMS (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 are met by the Institute and the amounts are disclosed in note 4.