

INSTITUTE OF BIOMEDICAL SCIENCE

Company Number 377268

Charity Number 261926

**FINANCIAL STATEMENTS FOR THE
FIFTEEN MONTHS ENDED 31 DECEMBER 2017**

**INSTITUTE OF BIOMEDICAL SCIENCE
CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2017**

	Page
Council Members' Report	1-7
Report of the Independent Auditors	8-10
Consolidated Statement of Financial Activities	11
Consolidated Balance Sheet	12
Charity Only Balance Sheet	13
Consolidated Statement of Cash Flows	14
Notes to the Financial Statements	15-29

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 fifteen months ended 31 December 2017.

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 (appointed 3 June 2017)	Christine Murphy (resigned 30 November 2016)
Helen Archer (appointed 3 June 2017)	Jane Needham
Nigel Coles	Joyce Overfield
Sean Conlan	Debra Padgett
David Eccleston	Sandra Phinbow
Alison Geddis	Robert Simpson
Jennifer Hancock (resigned 3 June 2017)	Daniel Smith
Jane Harrison-Williams (appointed 3 June 2017)	Matthew Smith
Charles Houston	Ian Sturdgess
Nicholas Kirk (resigned 31 December 2016)	Andrew Usher
James G McNair	David Wells
Colin Mudd	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
10 Queen Street Place
London
EC4R 1AG

Investment Advisors:

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

Bankers:

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

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 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 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. 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 preparation for GDPR underway.
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 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 will be reviewed as part of new strategy.

Council Members' Report (continued)

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, 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"> • Agreed the corporate strategy for the Institute for 2018 to 2020 in conjunction with the membership. The new strategy updates the vision and identifies the key themes and work streams which the Institute will focus on for the next three years. • The experiential route to Fellowship of the Institute was developed and agreed by Council and the first applications were received and processed. • The Biomedical Scientist was re-launched with a new publisher and editor. The updated image of the magazine aims to appeal to a wider audience and has been well received. • The Institute supported over 200 members who undertook public engagement events during the year by providing promotional and marketing materials to raise awareness of biomedical science. |
| <i>Professional development and standard setting</i> | <ul style="list-style-type: none"> • IBMS Clinical Scientist Certificate of Attainment (Experiential Route) was approved by the HCPC and will be launched in February 2018. It provides a regulatory pathway for biomedical scientists who have developed their practice to a level where they can meet the standards of proficiency for clinical scientists. • Ran a successful Congress scientific event with 2,103 paying delegates and over 3,000 attendees overall. The target audience was expanded to include support workers, reflecting the changing dynamic of the Institute's membership. A new strand on molecular pathology was introduced. The addition of the Sunday programme to create a four day event was well received with over 100 delegates booking for Sunday only. • Developed two new qualifications for launch in 2018. These are a Certificate of Expert Practice in Molecular Pathology and an optional module at Specialist Diploma level in molecular pathology. • The first cohort of candidates completed the histopathology reporting qualification developed in conjunction with RCPATH. As a result the candidates have achieved full independent reporting status. • IBMS Scotland ran a number of training events for members and over 80 members attended a scientific programme in Aberdeen which coincided with the Institute's AGM. • Developed a workforce planning tool and accompanying guidance for pathology services. The tool will be launched in 2018. |
| <i>Advancement of biomedical science</i> | <ul style="list-style-type: none"> • A careers and degree information website was built and launched. The site explains the importance of biomedical science and the role it plays in society. There is information for students looking at a career in the profession and help for those looking to make the next step in their careers. • Celebrated the first Biomedical Science day to raise public awareness of the profession. Our social media posts reached over 166,000 people and the dedicated website page attracted 834 visits. • Supported the STEM for Britain Awards which showcased the work of young scientists, mathematicians and engineers. • IBMS Wales supported the Skills Cymru event to promote the profession and routes to entry to young people. • Published a new edition of the histopathology text book in the Fundamentals of Biomedical Science series. • Agreed to fund six research grants totalling £24,400 to support members' individual research projects. |

Council Members' Report (continued)

Objectives, Activities, Achievements and Performance (continued)

- Advocacy*
- Represented the profession on the Northern Ireland Cellular Pathology Network looking at advanced practitioner training.
 - Responded to ten consultations to ensure the views of the profession were represented to key decision makers.
 - Participated in a NHS England project to explore the possibility of enabling biomedical scientists to supply and/or administer medicines.
 - Represented the profession on the reconfiguration of pathology services in Northern Ireland.
- Organisational robustness*
- Agreed new investment objectives and a new investment strategy. EPOCH Wealth Management were appointed to manage the investment portfolio.
 - Reviewed and made changes to the governance structure of the Institute to improve the efficiency and effectiveness of the key governance committees.
 - Made significant progress in preparing the Institute for the new GDPR regulations which come into effect in 2018. This included undertaking an independent audit of our cyber security and data protection arrangements to identify where further work is required.

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

- Membership numbers - the target for the year was exceeded overall. As expected attrition in the Fellow category continues but the number in the Member and Licentiate grades was significantly ahead of target.
- Educational activity - the number of registrations for the Institute's qualifications 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, largely helped by a successful Congress and a resolution of the historic VAT partial exemption issue with HMRC.
- 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 10 to 13 of the financial statements. The Institute is a non profit-making organisation and accordingly no dividends are proposed.

The Institute changed its financial year end during the period to 31 December to align the financial year with the member subscription year. The results for 2017 represent fifteen months of activity. The figures for 2016 represent twelve months of activity. There is no significant impact on the reported income and expenditure. The deferred income reported as a creditor in the balance sheet is reduced due the timing of membership renewals. There is no other significant impact on the balance sheet from the change.

The Group Statement of Financial Activities on page 10 shows net income of £1,079,079 which included a gain on investments of £327,752. In March 2017 the Institute appointed EPOCH Wealth Management LLP to manage its investment portfolio. Funds are invested across a number of pooled funds to achieve a targeted total return and the results are reported in note 7a.

Council Members' Report (continued)

Financial Review (continued)

Both income and expenditure are higher than the previous year due to the extended 15 month period and Congress held in September 2017. Membership numbers increased marginally from 20,146 at the end of September 2016 to 20,609 at the end of December 2017. The Institute reached agreement with HMRC on the VAT partial exemption methodology and received a refund of unrecoverable VAT of £172,000 relating to prior years.

The surplus on the Institute's defined benefit pension scheme, as measured by FRS 102, increased by £160,000. The actuarial gain of £394,000 was offset by a charge to expenditure of £234,000. A large part of the charge relates to a benefit change identified during the year and explained in note 14. Overall, including the results of IBMS (Professional Services) Ltd, there was an increase in funds of £1,473,079 for the year. This has been transferred to reserves.

IBMS (Professional Services) Ltd made a surplus before tax of £485,785. The surplus from Congress was £567,422 which was better than expected. This was largely due to the strong performance of sponsorship and exhibitor income. Paying delegate numbers were slightly down on 2015 but the overall number of attendees was virtually identical. Some of the cash generated during the year was used to reduce the outstanding loan with the Institute. The company agreed to make a gift aid donation to the Institute of £21,413. The company reported a profit after gift aid and corporation tax of £374,580. 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 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 £24,422 (2016: £18,111). 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. Grants totalling £10,109 (2016: £nil) were awarded to 12 individuals.

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 surplus as at 31 December 2017. 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.

Council Members' Report (continued)

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 £6million.

The Institute's free reserves were £11.208 million at 31 December 2017 (30 September 2016: £9.926 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).

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.

Council Members' Report (continued)

Council Members' Accounting and Reporting Responsibilities (continued)

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 27 April 2018 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 2017 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 2017 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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.

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

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.

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 Trustees' Annual 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 Trustees' Annual Report (which incorporates the directors' report) has been prepared in accordance with applicable legal requirements.

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

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.



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

*10 Queen Street Place
London
EC4R 1AG*

27 April 2018

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 Fifteen Months Ended 31 December 2017
(Incorporating the Income and Expenditure Account)**

	Notes	Unrestricted Funds	
		2017 (15 months) £	2016 (12 months) £
Income from:			
<u>Charitable activities</u>			
Subscriptions		2,902,592	2,283,903
Qualifications		304,035	288,935
Registrations		257,665	192,790
Publications		26,777	26,907
Regions and branches and discussion groups	2	140,317	161,182
Other income		56,690	12,994
<u>Congress and other trading activities</u>		1,435,119	46,990
<u>Investments</u>			
Investment income		19,393	105,529
Bank interest		23,286	60,902
Total Income		5,165,874	3,180,132
Expenditure on:			
<u>Raising Funds</u>			
Congress and other trading activities		1,103,822	(65,591)
Investment management fees		53,665	-
<u>Charitable activities</u>			
Education, qualifications and registration	3	1,507,545	1,126,779
Publications	3	173,021	41,702
Regions and branches and discussion groups	2,3	261,337	337,250
Member events, representation and benefits	3	1,271,393	1,127,292
Grants and prizes		43,764	28,064
Total Expenditure		4,414,547	2,595,496
Net gains / (losses) on investments		327,752	250,421
Net income		1,079,079	835,057
Other recognised gains / (losses)			
Actuarial gains / (losses) on defined benefit pension scheme	14	394,000	635,000
NET MOVEMENT IN FUNDS FOR THE YEAR		1,473,079	1,470,057
Total funds brought forward		12,870,876	11,400,819
Total funds carried forward	12	14,343,955	12,870,876

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.

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 income for the charity for the fifteen months before other gains/losses amounted to £704,499 (2016 12 mths: £682,018)

The notes on pages 15 to 29 form part of these financial statements.

Consolidated Balance Sheet as at 31 December 2017

	Notes	2017 £	2016 £
Fixed Assets			
Tangible assets	6	982,593	1,031,564
Investments	7a	9,297,979	4,155,704
		<u>10,280,572</u>	<u>5,187,268</u>
Current Assets			
Stock		2,871	1,800
Debtors	8	343,911	630,347
Cash at bank and in hand		2,277,456	6,503,821
		<u>2,624,238</u>	<u>7,135,968</u>
Creditors: amounts falling due within one year	10	633,855	1,365,360
		<u>1,990,383</u>	<u>5,770,608</u>
Net Current Assets			
		<u>1,990,383</u>	<u>5,770,608</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,270,955</u>	<u>10,957,876</u>
Defined Benefit Pension Scheme Asset	14	2,073,000	1,913,000
Net Assets		<u>14,343,955</u>	<u>12,870,876</u>
Unrestricted Funds			
Accumulated fund		11,872,229	10,957,876
Designated Fund		79,891	-
Revaluation Reserve		318,835	-
Pension Reserve		2,073,000	1,913,000
	12	<u>14,343,955</u>	<u>12,870,876</u>

Approved and authorised for issue by Council on 27 April 2018 and signed on their behalf by:



A Geddis
President



R A I Simpson
Treasurer

The notes on pages 15 to 29 form part of these financial statements.

Charity Balance Sheet as at 31 December 2017

	Notes	2017 £	2016 £
Fixed Assets			
Tangible assets	6	551,534	583,798
Investments	7a	9,298,979	4,156,704
		<u>9,850,513</u>	<u>4,740,502</u>
Current Assets			
Stock		2,871	1,800
Debtors	8	870,997	1,250,911
Cash at bank and in hand		2,151,191	6,439,894
		<u>3,025,059</u>	<u>7,692,605</u>
Creditors: amounts falling due within one year	10	604,630	1,100,664
		<u>2,420,429</u>	<u>6,591,941</u>
Net Current Assets			
		<u>12,270,942</u>	<u>11,332,443</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
Defined Benefit Pension Scheme Asset	14	2,073,000	1,913,000
		<u>14,343,942</u>	<u>13,245,443</u>
Net Assets			
		<u>14,343,942</u>	<u>13,245,443</u>
Unrestricted Funds			
Accumulated fund		11,872,216	11,332,443
Designated Fund		79,891	-
Revaluation Reserve		318,835	-
Pension Reserve		2,073,000	1,913,000
	12	<u>14,343,942</u>	<u>13,245,443</u>

Approved by Council and authorised for issue on 27 April 2018 and signed on their behalf by:

A E Geddis

A Geddis
President

R A I Simpson

R A I Simpson
Treasurer

The notes on pages 15 to 29 form part of these financial statements.

Consolidated Statement of Cash Flows for the Fifteen Months Ended 31 December 2017

	Notes	2017 (15 months) £	2016 (12 months) £
Reconciliation of net income / (expenditure) to cash flow from operating activities			
Net income for the reporting period (as per Statement of Financial Activities)		1,079,079	835,057
<i>Adjustments for:</i>			
Pension scheme operating charge		234,000	(44,000)
Depreciation of property, plant and equipment	6	87,781	73,595
Gains on investments		(327,752)	(250,421)
Dividends and interest		(42,679)	(166,431)
(Increase) / Decrease in stock		(1,071)	901
Decrease in debtors	8	286,436	48,412
Decrease in creditors	10	(731,504)	(252,909)
Net cash provided by operating activities		584,290	244,204
Cash flows from investing activities			
Investment income and bank interest		42,679	166,431
Purchase of property, plant and equipment	6	(38,810)	(2,613)
Purchase of investments		(9,994,941)	-
Disposal of investments		5,241,640	-
Cash movement in investment portfolio		(61,223)	-
Net cash provided by investing activities		(4,810,655)	163,818
Change in cash and cash equivalents in the reporting period		(4,226,365)	408,022
Cash and cash equivalents at start of year		6,503,821	6,095,799
Cash and cash equivalents at end of year		2,277,456	6,503,821
Components of cash and cash equivalents			
Cash at bank and in hand		777,456	2,723,483
Short term deposits		1,500,000	3,780,338
		2,277,456	6,503,821

The notes on pages 15 to 29 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2017

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 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.

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 FIFTEEN MONTHS ENDED 31 DECEMBER 2017 (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 fifteen months amounted to £3,849,666 (2016 12 mths: £3,178,981). Net income for the fifteen months before other gains/losses amounted to £704,499 (2016 12 mths: £682,018).

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 FIFTEEN MONTHS ENDED 31 DECEMBER 2017 (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 FIFTEEN MONTHS ENDED 31 DECEMBER 2017 (CONTINUED)

1 - Accounting Policies (continued)

In the period ended 31 December 2017, 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 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 £274,105 (2016: £306,513) 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 FIFTEEN MONTHS ENDED 31 DECEMBER 2017 (CONTINUED)

3 - Total Expenditure

	Direct costs £	Support costs £	Total 2017 (15 mths) £	Total 2016 (12 mths) £
Trading activities	1,029,373	74,449	1,103,822	(65,591)
Investment management fees	53,665	-	53,665	-
Education, qualifications and registration	813,708	693,837	1,507,545	1,126,779
Publications	134,363	38,658	173,021	41,702
Regions, Branches & Discussion Groups	211,615	49,722	261,337	337,250
Membership events, representation and benefits	749,916	521,477	1,271,393	1,127,292
Grants & Prizes	43,764	-	43,764	28,064
Total Resources Expended	<u>3,036,404</u>	<u>1,378,143</u>	<u>4,414,547</u>	<u>2,595,496</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 period totalled £34,531 to 18 individuals. In the preceding year they totalled £18,811 to 4 individuals.

Support Costs

	2017 (15 months) £	2016 (12 months) £
People costs	887,633	548,262
Office running costs	253,504	181,186
IT & website	112,384	145,337
Irrecoverable VAT	(121,498)	101,866
Depreciation	71,076	59,948
Other costs	74,749	44,642
<u>Governance</u>		
Council and Committees	89,005	81,408
Audit	11,290	10,750
	<u>1,378,143</u>	<u>1,173,399</u>

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

	2017 (15 months) £	2016 (12 months) £
Trading activities	74,449	44,958
Investment management	-	-
Education, qualifications and registration	693,837	609,179
Publications	38,658	7,493
Regions, branches and discussion groups	49,722	52,451
Membership events, representation, and benefits	521,477	459,318
Grants and prizes	-	-
Total	<u>1,378,143</u>	<u>1,173,399</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2017 (CONTINUED)

4 - Staff Costs

	2017 (15 months)	2016 (12 months)
	£	£
Salaries and wages	1,383,560	902,832
Social security	147,934	97,050
Employer pension contributions – DB scheme	66,143	58,253
Employer pension contributions – DC scheme	78,302	51,691
Redundancy costs	181	9,820
Temporary staff	46,620	173,424
Life assurance	6,200	4,943
Staff expenses	25,780	20,368
Defined benefit pension scheme running costs	82,222	74,153
Recruitment and training	22,787	21,366
	<u>1,859,729</u>	<u>1,413,900</u>

The average number of employees in the period was: 27 22

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

£60,000 to £70,000	1	2
£70,000 to £80,000	2	1
£80,000 to £90,000	1	-
£130,000 to £140,000	1	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 £752,479 (2016: £512,775). In 2016 the Executive Head of Finance role was undertaken by an external consultant for the majority of the year. The cost is included in temporary staff above.

None of the Council members received any emoluments or benefits from the Institute during the period. Total costs of travel, accommodation and out of pocket expenses incurred during the period on the Institute's business by 23 Council members (2016: 22 Council members) amounted to £59,935 (2016 12 months: £45,332).

5 – Net Income for the Year

This is stated after charging:

	2017	2016
	£	£
Auditors remuneration:		
Audit fee for the group (excluding VAT)	13,325	12,850
Other Services	7,050	1,000
Depreciation	87,781	73,595
Operating leases	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2017 (CONTINUED)

6 - Tangible Fixed Assets

GROUP	Freehold Property	Furniture, Fixtures & Fittings	Computers	Total £
Cost				
At 1 October 2016	1,633,870	395,113	314,816	2,343,799
Additions	-	575	38,235	38,810
Disposals	-	-	-	-
At 31 December 2017	<u>1,633,870</u>	<u>395,688</u>	<u>353,051</u>	<u>2,382,609</u>
Depreciation				
At 1 October 2016	724,029	376,704	211,502	1,312,235
Charge for the period	31,987	3,095	52,699	87,781
Disposals	-	-	-	-
At 31 December 2017	<u>756,016</u>	<u>379,799</u>	<u>264,201</u>	<u>1,400,016</u>
Net Book Value				
At 31 December 2017	<u>877,854</u>	<u>15,889</u>	<u>88,850</u>	<u>982,593</u>
At 30 September 2016	<u>909,841</u>	<u>18,409</u>	<u>103,314</u>	<u>1,031,564</u>
CHARITY				
CHARITY	Freehold Property	Furniture, Fixtures & Fittings	Computers	Total £
Cost				
At 1 October 2016	690,505	87,854	314,816	1,093,175
Additions	-	575	38,235	38,810
Disposals	-	-	-	-
At 31 December 2017	<u>690,505</u>	<u>88,429</u>	<u>353,051</u>	<u>1,131,985</u>
Depreciation				
At 1 October 2016	217,853	80,022	211,502	509,377
Charge for the period	17,263	1,112	52,699	71,074
Disposals	-	-	-	-
At 31 December 2017	<u>235,116</u>	<u>81,134</u>	<u>264,201</u>	<u>580,451</u>
Net Book Value				
At 31 December 2017	<u>455,389</u>	<u>7,295</u>	<u>88,850</u>	<u>551,534</u>
At 30 September 2016	<u>472,652</u>	<u>7,832</u>	<u>103,314</u>	<u>583,798</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2017 (CONTINUED)

7a – Investments

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Listed investments - valuation				
As at 1 October	-	2,905,283	-	2,905,283
Additions	9,994,941	-	9,994,941	-
Disposals	(1,085,937)	(3,155,704)	(1,085,937)	(3,155,704)
Realised gain	8,917	250,421	8,917	250,421
Unrealised gain	318,835	-	318,835	-
At 31 December	<u>9,236,756</u>	<u>-</u>	<u>9,236,756</u>	<u>-</u>
Other investments	-	-	1,000	1,000
Cash held as investments at period end	61,223	4,155,704	61,223	4,155,704
Total investments	<u>9,297,979</u>	<u>4,155,704</u>	<u>9,298,979</u>	<u>4,156,704</u>

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

	2017	2016
	£	£
Managed funds – UK equities	1,658,765	-
Managed funds – overseas equities	3,172,374	-
Managed funds – alternative strategies	2,511,117	-
Managed funds – fixed interest securities	1,379,113	-
Managed funds – multi asset strategies	467,582	-
Managed funds – commercial property	47,805	-
	<u>9,236,756</u>	<u>-</u>

The historical cost of the listed investments was £9,012,257 (2016: £nil).

In September 2016 JP Morgan closed the charitable funds in which the IBMS was invested and returned the proceeds to the IBMS. During the period IBMS appointed EPOCH Wealth Management LLP to manage its investment portfolio. The portfolio is invested in a number of pooled funds.

Other investments in the charitable company accounts were:

	2017	2016
	£	£
Unlisted investments comprising of:		
Lloyds Bank treasury deposit (maturing January 2017)	-	4,155,704
Cash held in the investment portfolio	61,223	-
Institute of Biomedical Science (Professional Services) Ltd		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u>62,223</u>	<u>4,156,704</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS 31 DECEMBER 2017 (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 £21,413 (2016: £Nil) to its parent company, the Institute of Biomedical Science.

The assets, liabilities and funds of the subsidiary were:

	2017	2016
	£	£
Assets	673,030	880,049
Liabilities	<u>(672,017)</u>	<u>(1,253,616)</u>
	<u>1,013</u>	<u>(373,567)</u>
Representing:		
Share Capital	1,000	1,000
Profit and Loss account	13	(374,567)
	<u>1,013</u>	<u>(373,567)</u>

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

	2017	2016
	£	£
Turnover	1,435,119	46,990
Cost of sales	<u>(900,458)</u>	<u>(43,231)</u>
Gross profit	534,661	3,759
Other income	218	187
Administrative expenses	<u>(28,466)</u>	<u>(18,036)</u>
	506,413	(14,090)
Interest payable to parent undertaking	(20,628)	(17,837)
Corporation Tax	(89,792)	184,966
Gift aid donation to parent undertaking	<u>(21,413)</u>	<u>-</u>
Profit/(Loss) for the year	<u>374,580</u>	<u>153,039</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

	2017		2016	
	Group	Charity	Group	Charity
	£	£	£	£
<u>Amounts falling due within 1 year:</u>				
Trade debtors	65,306	55,090	145,738	70,867
Prepayments	123,564	123,564	170,380	61,975
Accrued income	13,044	13,044	126,258	126,258
Taxation and social security	127,588	22,098	185,080	-
Amounts owed by group undertaking – Note 9	-	21,413	-	263,920
Other debtors	14,409	14,409	2,891	2,891
	<u>343,911</u>	<u>249,618</u>	<u>630,347</u>	<u>525,911</u>
<u>Amounts falling due more than 1 year</u>				
Amounts owed by group undertaking – Note 9	-	621,379	-	725,000
Total	<u>343,911</u>	<u>870,997</u>	<u>630,347</u>	<u>1,250,911</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2017 (CONTINUED)

9 - Amounts Due From Subsidiary Undertaking

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

The £621,379 owed at 31 December 2017 (2016: £725,000), was specifically identified as the balance of the £725,000 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 during the period was £20,628 (2016: £17,837).

Other intercompany balances owed at 31 December 2017 was £nil (2016: £263,920).

Repayments of the loans will depend upon cash flow.

The Institute of Biomedical Science (Professional Services) Ltd agreed to make a gift aid donation to the Institute of £21,413. The amount was outstanding at 31 December 2017.

10 - Creditors

	2017		2016	
	Group £	Charity £	Group £	Charity £
Deferred income	241,419	241,419	859,371	623,273
Trade creditors	45,122	45,090	124,278	124,248
Taxation and social security costs	59,700	36,566	74,616	50,192
Accruals	268,346	263,446	270,573	267,473
Other creditors	19,268	18,109	36,522	35,478
	<u>633,855</u>	<u>604,630</u>	<u>1,365,360</u>	<u>1,100,664</u>

Deferred Income

	2017		2016	
	Group £	Charity £	Group £	Charity £
Balance brought forward	859,371	623,273	615,681	615,681
Amounts released to SOFA in current year	(859,371)	(623,373)	(615,681)	(615,681)
Amounts deferred in the current year	241,419	241,419	859,371	623,373
Balance carried forward	<u>241,419</u>	<u>241,419</u>	<u>859,371</u>	<u>623,373</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 FIFTEEN MONTHS ENDED 31 DECEMBER 2017 (CONTINUED)

11 – Financial Instruments

	2017		2016	
	Group £	Charity £	Group £	Charity £
Financial assets measured at amortised cost, cash and investments (a)	11,919,346	12,320,167	11,289,872	11,846,509
Financial liabilities measured at amortised cost (b)	(633,855)	(604,630)	(1,365,360)	(1,100,664)
Net financial assets measured at amortised cost	11,285,491	11,715,537	9,924,512	10,745,845

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

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

12 - Reconciliation of Movements in Unrestricted Reserves

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
<u>Charity</u>						
	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 Jen Johnson bursary was created during the period 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2017 (CONTINUED)

12 - Reconciliation of Movements in Unrestricted Reserves (continued)

The outgoing resources of £234,000 shown in the pension reserve reflects the FRS102 valuation. The charge is the net balance of £44,000 finance income plus £68,000 employer contributions less administrative expenses of £107,000 and current and past service costs of £239,000.

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 £1,098,499 (2016: £1,317,018).

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

	2017	2016
	Unrestricted	Unrestricted
	£	£
Fixed assets (tangible)	982,593	1,031,564
Investments	9,297,979	4,155,704
Current assets	2,624,238	7,135,968
Current liabilities	(633,855)	(1,365,360)
Pension Scheme Asset	2,073,000	1,913,000
	<u>14,343,955</u>	<u>12,870,876</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 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 period were £78,302 (2016 12 months: £51,691).

There were employer and employee contributions totalling £nil (2016: £6,581) 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 £2,073,000 (2016: £1,913,000) at the year end. The actuary has become aware of one benefit change since the last update. The opinion of Counsel, dated 31 July 2017, is that the pre 1 April 2006 accrued pension benefits for members in service after that date incorrectly had the link to pensionable remuneration removed. It was replaced by statutory revaluation. The actuary has calculated the impact on the Scheme liabilities if the link remained until the member left or retired from service. The increase has been accounted as a past service cost and shown as a loss on plan changes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2017 (CONTINUED)

14 - Pension Schemes (continued)

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

	2017	2016
	% pa	% pa
Discount rate	2.45	2.30
Expected long-term rate of return on Scheme assets	2.45	2.30
Salary inflation assumption	2.55	2.25
Inflation assumption (RPI)	3.55	3.25
Inflation assumption (CPI)	2.55	2.25
Pension increases (capped at 2.5% pa RPI linked)	2.50	2.50
Pension increases (capped at 5.0% pa RPI linked)	3.55	3.25

The underlying mortality assumption is based upon the standard table known as SAPS S2 Light Mortality tables, using the CMI 2016 future improvement factors and a long term rate of future improvement rate of 1.25% pa (2016: same mortality base table with CMI 2015 future improvement factors and a long term future improvement rate of 1.25% p.a.).

The disclosures required by FRS102 are given below:

Employee benefit obligation recognised in the balance sheet

	2017	2016
	£	£
Present value of Scheme liabilities	(6,206,000)	(6,219,000)
Market value of Scheme assets	8,279,000	8,132,000
Surplus in the Scheme	<u>2,073,000</u>	<u>1,913,000</u>

Amounts recognised in the Statement of Financial Activity

	2017	2016
	£	£
Current service cost plus life assurance premium	112,000	63,000
Administrative expenses	107,000	-
Interest on net defined benefit (asset)/liability	(44,000)	(46,000)
Loss on plan changes	127,000	-
Total	<u>302,000</u>	<u>17,000</u>

Actual return on Scheme assets	370,000	1,927,000
--------------------------------	---------	-----------

Changes in the present value of the Scheme liabilities

	2017	2016
	£	£
Present value of Scheme liabilities at beginning of period	6,219,000	5,033,000
Current service cost	112,000	63,000
Employee contributions	19,000	17,000
Benefits paid	(203,000)	(140,000)
Interest on Scheme liabilities	140,000	185,000
Actuarial (gains)/losses	(208,000)	1,061,000
Loss on plan changes	127,000	-
Total	<u>6,206,000</u>	<u>6,219,000</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2017 (CONTINUED)

14 - Pension Schemes (continued)

	2017	2016
	£	£
Changes in the fair value of the Scheme assets		
Market value of Scheme assets at beginning of period	8,132,000	6,267,000
Contributions paid by Company	68,000	61,000
Employee contributions	19,000	17,000
Benefits paid	(203,000)	(140,000)
Administrative expenses	(107,000)	-
Interest on Scheme assets	184,000	231,000
Return on assets, less interest included in SOFA	186,000	1,696,000
Market value of Scheme assets at end of period	<u>8,279,000</u>	<u>8,132,000</u>

The agreed contribution to be paid by the Employer for the forthcoming year is 24.2% of salaries. Death in service premiums and normal Scheme expenses are paid by the Scheme and this is subject to review at future actuarial valuations.

Major categories of Scheme assets as a % of total Scheme assets	2017	2016
Equities	25%	23%
Bonds & cash	66%	69%
Property	9%	8%
	<u>100%</u>	<u>100%</u>

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 2.45% per annum (2016: 2.3%).

Analysis of actuarial gain recognised in the SOFA	2017	2016
	£	£
Actual return less expected return on Scheme assets	186,000	1,696,000
Experience gains and losses arising on Scheme liabilities	68,000	145,000
Changes in assumptions underlying the present value of Scheme liabilities	140,000	(1,206,000)
Actuarial gain/(loss) recognised in SOFA	<u>394,000</u>	<u>635,000</u>

Movement in the surplus during the year	2017	2016
	£	£
Surplus in Scheme at beginning of the year	1,913,000	1,234,000
Recognised in SOFA	(302,000)	(17,000)
Employer contributions	68,000	61,000
Actuarial gain/(loss)	394,000	635,000
Surplus in Scheme at end of the year	<u>2,073,000</u>	<u>1,913,000</u>

There were employer and employee contributions totalling £nil (2016: £6,280) outstanding at the year end

The expected employer contribution for 2018 is £52,722.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2017 (CONTINUED)

15 – Auditors' Remuneration

The auditors' remuneration for the period for the Institute was £11,500 (2016: £10,750).

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 (2016: £nil) at the year end.

17 – Post Balance Sheet Events

There were no post balance sheet events.

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.

During the period eight Council members undertook a number of IBMS portfolio verification visits. A total of £5,797 of expenses was reimbursed in line with the Institute's expenses policy.

During the 15 month period six members of Council received payments totalling of £2,920 (2016 12 mths: £700 for three Council members) for providing professional examination and accreditation services. In addition payments totalling £1,340 (2016: £400) 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 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. During the period Council approved the payment of the IFBLS subscription of £7,715 (2016: £5,258) by the Institute.

A member of the senior management team is also a trustee director of the IBMS Pension Scheme, a defined benefit scheme. During the 15 month period the Institute met running costs relating to the Scheme of £82,222 (2016 12 mths: £74,153).