



**BIOCHEMICAL
SOCIETY**

Trustees' Report and
Accounts for the year
ended 31 December 2016

Company No. 00892796

Charity No. 253894

Contents

Our mission	3
Chairman's, President's and CEO's Review	4
Trustees' Report	7
Strategic Report	7
Governance and Management	19
Biochemical Society Trustees.....	23
Directors of Portland Press Limited.....	24
Senior Management Team	25
Public Benefit Statement.....	26
Key Contacts.....	26
Plans for future periods	27
Financial review	30
Treasurer's report	30
Reserves policy and going concern	31
Investment policy	31
Remuneration policy.....	31
Principal risks and uncertainties	32
Financial risk management objectives.....	32
Trustees' approval	32
Independent Auditor's Report to the Members of the Biochemical Society.....	33
Financial Statements for the period ended 31 December 2016	35

Our mission

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

We achieve our mission by:

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

Connecting and collaborating for the future of the life sciences, we work to open up biochemistry, sharing expertise and advancing the impact of molecular biosciences in science and society.

Registered charity name: Biochemical Society

Charity registration number: 253894

Company number: 00892796

Registered Office:

Charles Darwin House
12 Roger Street
London
WC1N 2JU

Telephone: +44 (0) 20 7685 2400

Fax: +44 (0) 20 7685 2467

Email: info@biochemistry.org

Website: www.biochemistry.org

Twitter: [@biochemsoc](https://twitter.com/biochemsoc)

Chairman's, President's and CEO's Review

During 2016 the Society made substantial progress in the achievement of its strategic objectives.

In July 2016, at the Annual General Meeting, our membership accepted the changes proposed following our Governance Review, and these are in the process of being implemented. The aims of the Governance Review were to bring the Society's processes, policies, structures and legislative documentation in line with best practice and enable us to adapt to future challenges. It will help the Society to deliver its strategic objectives effectively and support its mission to promote the future of the molecular biosciences.

Bringing together molecular bioscientists is a key driver for the organization.

Inter-society collaboration is central to the success of the Society in achieving this. We are pleased to see so many successful collaborations during 2016, as detailed in our Trustees' Report, including attending science festivals as part of the Biology Big Top. This is a collaboration between 11 organizations [Royal Society of Biology (RSB), Biochemical Society, Microbiology Society (MS), Society for Endocrinology (SfE), The Physiological Society (TPS), British Pharmacological Society (BPS), British Society for Immunology (BSI), Society for Applied Microbiology (SfAM), British Society for Gene and Cell Therapy (BSGCT), Anatomical Society and Nesta] and will allow us to increase the profile of biosciences.

In November 2016, we held our first Tweetchat, #AntibioticFuture, in partnership with RSB and SfAM. It focused on the future of antibiotics and how to use innovation to solve current problems, attracting 173 participants including Nesta, the Association of the British Pharmaceutical Industry (ABPI) and the Medical Research Council (MRC).

We are also continuing to strengthen international links and networks. Our international membership has remained steady with 21% of the membership in 89 countries around the globe and we currently have 23 International Local Ambassadors in 21 countries. In addition to our membership, our publications continue to have a strong international focus with over 90% of readers and 86% of authors based outside the UK. Our journal Editorial Boards have also seen a number of new appointments, with the percentage of members based outside the UK now at 68%.

The Society is committed to supporting diversity and equal opportunity for entry and progression in our discipline. This year alone, we distributed over £4,000 through our Diversity in Science grants. These grants aim to support individuals, groups, charities or not-for-profit organizations to address issues relating to diversity in science. We have also funded a new Daphne Jackson Fellow, Dr Helen Thompson, who started her Fellowship at Durham University in September 2016.

Through our wider programme of grants we continued to support the advancement of biochemistry and molecular biology, distributing over £250,000 in grants throughout the year, to members, non-members and organizations, both within the UK and internationally.

Supporting the next generation of biochemists is at the heart of the Biochemical Society's strategic objectives. In June 2016, the Society launched its first MOOC (Massive Open Online Course) in partnership with the University of East Anglia and FutureLearn. The three-week course targeted at 15–19 year olds provides an introduction to biochemistry and highlights the

breadth of career paths available. We were delighted to see the level of interest in the course with over 10,100 people registering across its first two runs in June and November 2016.

In line with our strategic goal of **promoting and sharing knowledge**, we organized 24 events this year totalling 49 days of science, attracting 261 speakers and 1,665 delegates. During this year our conference programme has covered a range of subjects from stem cell technology to plant reproduction and from neuronal disease to bionanotechnology. Five training events were also developed during 2016, reaching a total number of 242 delegates and covering a diverse range of topics from protein modelling to bioinformatics. In addition to the meetings organized by the Society, we offered 15 sponsorships for molecular bioscience components of scientific meetings run by other organizations in 2016, reflecting the increasingly multi-disciplinary nature of biomolecular and biomedical science.

Through our publications, we aim to provide a home for every paper published within the molecular biosciences, growing to encompass the broader life sciences. We were delighted to confirm the development of two new journals which are launching in early 2017, *Neuronal Signaling*, a fully open access (OA) journal publishing high quality molecular and cellular neuroscience research, and *Emerging Topics in Life Sciences*, co-owned with the Royal Society of Biology, which reflects the interdisciplinary nature of life science research with each issue providing an overview of a new, or growing, field.

We have continued to upgrade our publishing infrastructure, to improve our manuscript submission, peer review, production and open access billing workflows, including the implementation of RightsLink for Open Access as our new open access payment system for all of our journals. This collaboration is a time-saving benefit for authors, minimizing the administrative burden they and their institutions face in making payments.

In the past year we have delivered a broad programme of public engagement events and live debates covering topics as diverse as genetic modification, antibiotic resistance and cancer treatment. We reached approximately 1,000 people through these events in 2016 and worked with partners including RSB, MS and Cancer Research UK (CRUK).

During 2016, the Society continued to support RSB with a subvention of 1% of our Annual Turnover, and an additional sum of up to 1.5% of Annual Turnover for specific projects. As a 'Key Funder' the Society benefited from greater opportunity to ensure that issues related to molecular bioscience were represented in RSB initiatives, greater involvement in policy activities and increased access to key decision-maker networks. Collaborative projects with RSB funded by the Society in 2016 included developing public engagement training for early career scientists and a scheme to raise trainee teachers' awareness of the resources that the Biochemical Society and RSB offer schools to help them support their students in making informed careers choices.

However, following changes in the landscape, RSB's future strategy has transitioned to focus on collaborative working between discipline-specific societies, with the RSB providing a unified voice, rather than working towards integration. In the light of this change, and in line with review of Society finances, the Trustees of the Biochemical Society elected to remove the potential for the additional 1.5% of Annual Turnover support, previously part of Biochemical Society strategy, and have agreed amendment of the Society's strategic objectives to reflect this.

During the past year, we have engaged our community through RSB's policy work by feeding into eight consultations including 'Leaving the EU: implications and opportunities for science and research inquiry'.

In order to ensure sustainable support for the advancement of science, during 2016, we have invested in projects to bring the Society in line with technical and organizational best practice, and prepare for future challenges.

2016 also saw a full review of the Society's Finance and Accounting function. The results of this review were presented, alongside recommendations for improvement, to the Audit, Finance and Executive Committees in mid-2016 and were unanimously accepted. Implementation of recommendations of the review is ongoing and is expected to be completed during 2017.

As ever, our work would not be possible without the members who volunteer to sit on our Committees and Editorial Boards, as well as our Local Ambassadors and scientific meeting Programme Coordinators. We are grateful for your dedication to the Society.

The Council of Trustees and the Society's staff look forward to continuing to work with you all to ensure that the Society continues to be in the best position to support our community.

Professor Steve Busby
University of Birmingham
Chairman (to December 2016)

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

Professor Sir David Baulcombe
University of Cambridge
President

Trustees' Report

During 2016, the Society's Officers and staff have worked to deliver its strategic objectives in support of its three-year strategy. We are pleased to present details of these activities, their results and impact.

Strategic Report

Aims for 2016 as outlined in the 2015 Annual Report	Activities and achievements during 2016
Bringing together molecular bioscientists	
<p><i>Ensure a strong future for the molecular biosciences through engaging in strategic collaborative projects with sister societies</i></p>	<p>Collaborations during 2016 included:</p> <ul style="list-style-type: none"> • Participation in 'Science & Stormont' in October 2016, Belfast, with other members of the Learned Society Partnership on Antimicrobial Resistance (LeSPAR), organized by the Royal Society of Chemistry (RSC). • Participated in Parliamentary Links Day, the largest science event in the annual parliamentary events calendar, organized by RSB. The theme was 'Science After the Referendum: What Next?' and the two panel sessions focused on Science and Europe and Science and the World; • A mixer in collaboration with BPS and TPS, held at the Experimental Biology conference in April 2016. The aim of the event was to raise the profile of each society, particularly in the US, and showcase our collaborative approach to supporting the scientific community. • A number of collaborative publishing activities including the launch of a new journal, <i>Emerging Topics in Life Sciences</i>, co-owned by the Biochemical Society and RSB, published by Portland Press, as well as a joint virtual themed collection highlighting hot topics in the life sciences featuring articles from the journals of the Biochemical Society, BPS, TPS, American Physiological Society (APS) and American Society for Pharmacology and Experimental Therapeutics (ASPET). • A Tweetchat, #AntibioticFuture, in November 2016, in partnership with the RSB and SfAM, to mark World Antibiotic Awareness Week and European Antibiotic Awareness Day. It focused on the future of antibiotics and how to use innovation to solve current problems. The chat attracted 173 participants including Nesta, the Association of the British Pharmaceutical Industry (ABPI) and the Medical Research Council (MRC).

	<ul style="list-style-type: none"> • Sponsored a session at Pharmacology 2016 on the topic 'Biochemical Strategies for Drug Discovery' coordinated and chaired by Patrick Eyers (University of Liverpool) and Youcef Mehellou (University of Birmingham). • Continued to be an active member of Policy Lunchbox, in partnership with the British Ecological Society (BES), RSB, Society of Experimental Biology (SEB) and MS. These were lunchtime events bringing together guest speakers with those working in science policy. Seven events were held in 2016, with speakers including Ross Hudson (HEFCE), Edward Potton (House of Commons Library), Lenna Cumberbatch (Royal Society), Antony McDonnell (AMR Review), Steve Miller (Responsible Research Innovation Unit, UCL), Stephen Benn (Newton's Apple) and Oliver Illott (Institute for Government). • Based on funding from the Society, along with The Granada Foundation and the Welsh Government, RSB has brought Gopher Science Labs, a scheme where primary school children are mentored at senior school by their students undertaking biology experiments for a day, to 16,132 students and 1,437 teachers from its inception in 2014, to the end of 2016. • Continued to strengthen links with the international molecular bioscience community through membership of the International Union of Biochemistry and Molecular Biology (IUBMB) and the Federation of European Biochemistry Societies (FEBS) and participated in the IUBMB Conference in July which was hosted by the Canadian Society for Molecular Biosciences (CSMB). • Agreement with BPS and TPS to hold collaborative meetings in 2017 and 2019, initial planning towards these. The topic of the 2017 meeting will be Mitochondria Form and Function. <p>As many of our activities are collaborative, additional activities in specific areas are listed in the appropriate section of this report.</p>
<p><i>Review membership offering to support our members at all stages of their careers</i></p>	<p>The Biochemical Society's membership offering review, began in December 2015 and was finalized in March 2016. Achievements during 2016 were:</p> <ul style="list-style-type: none"> • Launched a new Student Ambassador scheme in September 2016 to engage more effectively with the 40% of membership comprised of Undergraduate and Postgraduate members with 4 members appointed by December 2016. • Began preparatory work to enable us to offer members the opportunity to apply for Professional Registration through a sub-license from the RSB

	<p>and the Science Council with a view to introducing this in 2017, with an initial focus on those working in technical roles. This included organizing a focus meeting with academic technicians in June 2016 to discuss the potential of the Professional Registration offering.</p> <ul style="list-style-type: none"> • A range of funding to support members at each stage of their career including: <ul style="list-style-type: none"> ○ Sponsored Seminar Series: Nine awarded (two international) to a value of £7,325; ○ Sponsored Events Grants: 15 awarded to a value of £5,100; ○ General Travel Grants: 253 awarded to a value of £105,000; ○ Student Society Grants: Six awarded to a value of £600; ○ Eric Reid Fund for Methodology: Seven awarded to a value of £10,500; ○ Bursaries: 86 awarded to a value of £17,133 (Student £11,183, Early Career £5,450, Full £500); ○ Krebs Memorial Scholarship: £18,500 in total. Martine Abboud's Scholarship finished in July 2016 and Ewa Grela started her Scholarship at the University of Oxford in October 2016.
<p><i>Increase membership engagement through more targeted communications and members' events</i></p>	<ul style="list-style-type: none"> • Increased the Society's social media presence leading to a 28% increase in Twitter followers. • An Emeritus members' lunch took place in April 2016 and was subscribed to capacity. This event helps to keep our retired members connected to the molecular biosciences community.
<p><i>Increase the number of members from the industrial, biotechnology and academic drug discovery sectors, providing a platform for collaboration, facilitating innovation and supporting links between academia and industry</i></p>	<ul style="list-style-type: none"> • Launched a new industry webpage,¹ focusing on the needs of members from the industrial, biotechnology and academic drug discovery sectors. • Developed more opportunities to enable the Society to better engage with industry and to more effectively establish and respond to the needs and requirements of this sector, including: <ul style="list-style-type: none"> ○ Opportunities for members from the industrial sector to join one of the Society's committees, Research Areas or Theme Panels; ○ Vacancies on the Training Theme Panel were successfully promoted to the Society's Industry Advisory Panel and the Networks in Industrial Biotechnology and Bioenergy (BBSRC NIBB) and two individuals from an industry background have been appointed; ○ Introduction of Industry Focus articles in <i>The Biochemist</i> written by molecular bioscientists working in industry including members of the Industry Advisory Panel (IAP).

¹ <https://www.biochemistry.org/Membership/SupportingIndustry.aspx>

	<ul style="list-style-type: none"> • Nominations opened in August 2016 for the Society's new Industry & Academic Collaboration Award which will be presented in 2018. • Recruited two industry Local Ambassadors, based at Syngenta and Sygnature Discovery, to represent Society members working in industry. • IAP members have spoken at career events including the Bioscience Careers Festival in London in October 2016. • In December 2016 the Society had 287 members who identified as working in industry, increased from 237 in January 2015.
<p><i>Continue to develop international links and networks supporting scientists to share their work on a global scale; evaluate our offering for members in geographical areas of strength for the molecular biosciences</i></p>	<ul style="list-style-type: none"> • Launch of a new International Award, with the objective of recognizing distinguished and independent interdisciplinary research that illustrates the importance of the molecular biosciences in the advancement of life sciences research. • Introduction of a new template International Cooperation Agreement with international sister societies and partner organizations in October 2016. • An International Cooperation Agreement was signed with the Korean Society for Biochemistry and Molecular Biology (KSBMB) in November 2016. • At the end of 2016 the Society had 23 International Local Ambassadors in 21 countries and 21% of its membership was based outside the UK. • Portland Press journals continued to have a strong international focus with over 90% of their readers and 86% of their authors based outside the UK. • Participated in a range of conferences and meetings internationally including: <ul style="list-style-type: none"> ○ Experimental Biology 2016, San Diego, CA, USA; ○ Society for Scholarly Publishing Conference, Vancouver, Canada; ○ 26th European Meeting on Hypertension and Cardiovascular Protection, Paris, France; ○ 10th FENS Forum of Neuroscience, Copenhagen, Denmark; ○ 16th IUBMB Conference, Vancouver, Canada; ○ Physiology 2016, Dublin, Ireland; ○ European Association for the Study of Diabetes Annual Meeting, Munich, Germany; ○ Neuroscience 2016, San Diego, CA, USA.
<p><i>Foster diversity and equal opportunity for entry and progression in our discipline, including through support of Daphne Jackson Fellowships, Society Grants and Bursaries, and ensuring equality of opportunity in Society-run events and schemes</i></p>	<ul style="list-style-type: none"> • Awarded seven Diversity in Science grants. 2016 saw an increase in applications for the Diversity in Science grants from 15 in 2015, to 27. • Supported In2Science by funding five summer lab placements. Based on the recent evaluation report for this scheme, for the 2015 cohort who are now at university, nearly double the

	<p>percentage of students are studying biochemistry degrees now than were intending to choose this degree a year earlier.</p> <ul style="list-style-type: none"> • Sponsored a Daphne Jackson Fellow, Dr Helen Thompson, who started her Fellowship at Durham University in September 2016.
--	--

Supporting the next generation of biochemists	
<p><i>Develop educational events and training days to facilitate the sharing of expertise and ensure a strong skills base</i></p>	<ul style="list-style-type: none"> • Five training events were organized during 2016, reaching a total number of 242 delegates, covering a diverse range of topics including protein modelling and bioinformatics. • In order to support the development of the training programme, during 2016, the Society established a new Training Theme Panel, with strong representation from both academia and industry.
<p><i>Support teachers and HE educators to develop their skills and knowledge and foster links between schools, academia and industry</i></p>	<ul style="list-style-type: none"> • Launched our first teacher placements as part of the STEM Insight scheme. The Society, in partnership with STEM Learning, has supported 16 STEM Insight placements in 2016, with partners including University of Cambridge, University of Birmingham, University of Liverpool, University of Exeter, Syngenta, Babraham Institute and Biocatalysts Ltd. • Worked in partnership with RSB on a new careers project to build links with Initial Teacher training providers and raise trainee teachers' awareness of the resources that the Biochemical Society and RSB offer schools to help them support their students in making informed careers choices. Six workshops took place in 2016, 11 took place to August 2017, with two further workshops planned in late 2017.
<p><i>Provide careers support and information for students and early career researchers and promote the opportunities offered by biochemistry and molecular biology through education and training from age 15 upwards</i></p>	<ul style="list-style-type: none"> • Continued to work as part of the RSB Careers Committee to provide careers support and information for students and early career researchers. This has included the NatureJobs Career Expo in London in September 2016 and the first Bioscience Careers Festival in London in October 2016, attracting 400 students from across the UK. • Worked with the Association of Graduate Careers Advisory Services (AGCAS) to recruit an AGCAS Liaison Officer (ALO), who will work with the Society to support our careers activity with universities. • Awarded 45 summer vacation studentships out of 136 applications.
<p><i>Create online content to support the teaching and understanding of biochemistry</i></p>	<ul style="list-style-type: none"> • Launched our first MOOC (Massive Open Online Course) in partnership with the University of East Anglia and FutureLearn in June 2016. The three-week course is targeted at 15-19 year olds and

	<p>provides an introduction to biochemistry as well as highlighting the breadth of career paths available. Over 10,100 people have registered for the course across its first two runs.</p> <ul style="list-style-type: none"> • Sciberbrain has been rebranded. This website provides a collection of teaching resources to help teachers discuss controversial areas of bioscience with students aged 14 to 18. • The second <i>Understanding Biochemistry</i> issue of <i>Essays in Biochemistry</i> was published (on photosynthesis and immunology) in October 2016. The articles in this issue were downloaded 4,000 times from publication to the end of December 2016. This open access collection is designed to provide informative and accessible overviews of key topics for 16–19 year olds and teachers.
<p>Promoting and sharing knowledge</p>	
<p><i>Evaluate the positioning of Society conferences, in particular Harden Conferences and Hot Topic Meetings to offer greatest value to the community and greatest contribution to the advancement of science</i></p>	<ul style="list-style-type: none"> • During 2016, the Society organized 14 Focused meetings, three Harden Conferences, one Workshop and two Hot Topic meetings, attracting 261 speakers, 1,665 delegates and covering a range of subjects from stem cell technology to plant reproduction and from neuronal disease to bionanotechnology. • Harden Conferences launched a new visual identity with the aim of emphasizing the value of this brand within the Society's portfolio. • The evaluation of the positioning of Hot Topic meetings is ongoing and will be finalized in 2017.
<p><i>Restructure Theme Panels and review operational procedures and processes in line with scientific meetings strategy, Society goals and promoting synergies</i></p>	<ul style="list-style-type: none"> • The Theme Panels and Research Areas have been restructured with appointment to new positions expected to be completed in early 2017. • Work on the review of the operational procedures and processes has continued and the review will be completed during 2017.
<p><i>Seek to engage with meetings in the molecular biosciences where appropriate, with a view to collaboration rather than offering sponsorship</i></p>	<p>The Conferences Committee has reviewed its approach and where appropriate has collaborated to include meetings within the Biochemical Society meetings programme. These included:</p> <ul style="list-style-type: none"> • Translation UK 2016, 5–6 July 2016, University of Surrey, UK; • The 7th European Conference on Tetraspanins, 7–9 September 2016, University of Sheffield, UK. <p>The Society also continued to offer sponsorship for molecular bioscience components of scientific meetings run by other organizations. During 2016, 15 events received sponsorship to a total value of £13,100.</p>
<p><i>Review publication of abstracts from Society meetings to maximize the circulation of scientific information</i></p>	<ul style="list-style-type: none"> • The publication of abstracts has been reviewed and their format will be considered further in conjunction with review of the abstract submission

	<p>and peer-review system and procedures during 2017.</p>
<p><i>Ensure that Portland Press is a leading publisher in the life sciences, continuing to publish internationally recognized quality life science research</i></p>	<ul style="list-style-type: none"> • Working with suitable third parties for their technological expertise, implementation of several improved systems to help manage and improve the manuscript submission, peer review, production and OA billing workflows, including: <ul style="list-style-type: none"> ○ Launch of eJP submission and peer-review system assuring a simplified submission process and better and quicker article evaluations. New editorial system and revised editorial processes have strengthened peer review handling leading to 30% faster submission to acceptance times; ○ Design and implementation of a new article commissioning system; ○ Launch and implementation of RightsLink for Open Access to make it easy for authors (and institutions) to pay their Article Publication Charges and make best use of discounts offered; ○ Launch and implementation of JPS system to track and manage articles post-acceptance, improving times to publication; ○ Redesigned article PDFs across the portfolio to improve display and reader experience; ○ Launch of revised post-acceptance workflows to update and improve both human and machine-readable article outputs; ○ Initial launch (for two journals) of an online proof correction system to decrease time to publication and improve this production process for authors; <p>The transition of publishing fulfilment activities to the sales, marketing and customer care team was successfully completed and was accompanied by implementation of a new fulfilment system enabling us to provide improved customer service levels to journal subscribers.</p> • A programme of commissioning activity has been put in place to ensure both research and review content is being strategically solicited and invited. 44% increase in number of review articles invited for submission over 2015, and a 31% increase in the number of invitations accepted. Approximately 72% increase in activity towards research commissioning. This has yielded a number of highly cited articles and high profile author contributions. • Institutional access has increased by approx. 20% in 2016 compared to previous years (2012–2014), and total views have approximately doubled. • Editorial Boards have seen a number of new appointments where experts from around the

	<p>world have joined, bringing international membership of our Editorial Boards to 68%.</p> <ul style="list-style-type: none"> • The review of <i>The Biochemist</i> has been completed and a strategy approved, setting new objectives for the magazine ensuring that it is instrumental in building the reputation, influence and reach of the Biochemical Society and that it contributes to the achievement of organizational strategic objectives.
<p><i>Develop the Portland Press portfolio to offer a home for every paper published within the molecular biosciences, growing to encompass the broader life sciences</i></p>	<ul style="list-style-type: none"> • Revised journal scopes with re-engaged Editorial Boards to clarify the breadth of topics covered. • The number of publications across the portfolio rose by 18% in 2016 reflecting an increase in authors choosing to submit articles to Portland Press journals. • Two new journals, <i>Neuronal Signaling</i>, a fully open access journal, and <i>Emerging Topics in Life Sciences</i>, announced and publishing their first issues in early 2017, covering interdisciplinary research in neurosciences and the general life sciences.
<p><i>Develop a journal portfolio including contract publishing of life science titles</i></p>	<ul style="list-style-type: none"> • The development of a journal portfolio to include contract publishing of life science titles continued to be part of the Portland Press strategy. The focus for 2016 was on the continuing development of the Biochemical Society's portfolio and continuing improvements in service for authors, readers and subscribers.
<p><i>Develop ambitious targets for promoting and sharing scientific research, providing sustainable support for the advancement of science, including through collaborative activities</i></p>	<ul style="list-style-type: none"> • Increase of 66% in open access publications was seen in 2016, facilitated by improved publication processes. • The number of articles purchased through Pay Per View grew significantly in 2016, with an approximately three-fold increase in readers accessing articles by this route. We successfully maintained a steady rate of renewal for the subscription business during 2016 while increasing focus on generating leads for new business for 2017. • Work has begun on a pilot project to investigate sustainable options for the development of Portland Press' Open Access business. This will be progressed through 2017.
<p><i>Support students and researchers to communicate their work to the public and promote public engagement with biochemistry and the molecular biosciences</i></p>	<ul style="list-style-type: none"> • Awarded 25 £1,000 grants, through the Society's Scientific Outreach Grants scheme, together with three £500 extension grants to allow recipients to further develop and disseminate their projects. • Worked in partnership with BPS to develop Medicine Makers activity into a downloadable kit and have run The Hungry Games (developed in partnership with RSB and the Nutrition Society) at science festivals across the UK, including Northern Ireland Science Festival, Brighton

	<p>Science Festival, Imperial Science Festival, Cheltenham Science Festival, Glasgow Science Festival and Lambeth Country Show.</p> <ul style="list-style-type: none"> • Became a part of the Biology Big Top. A public engagement collaboration between the RSB, Biochemical Society, MS, SfE, TPS, BPS, BSI, SfAM, BSGCT, Anatomical Society and Nesta. • Continued our programme of public debates, with topics including 'Can we give Biotech the Green light?' at Glasgow Science Festival (in partnership with RSB), 'When a scratch can kill' at New Scientist Live (in partnership with MS), 'The DNA Revolution: Can and should we predict people's chance of getting cancer?' (in partnership with RSB and CRUK) and 'Cancer: is treatment always the answer?' (in partnership with CRUK). Approximately 1,000 people have been reached through these events in 2016. • Worked in partnership with RSB to develop public engagement training for early career scientists. Science Made Simple has been selected as the provider for this project, which will offer training in public engagement for Biochemical Society and RSB members at 10 workshops across the UK in 2017. • In 2016 the Society received 63 Science Communication Competition entries and introduced a mentoring session for winning students as part of the prizes. Mentors included Dr Kat Arney, Dr Steve Cross and the Science Media Centre.
<p>Promoting the importance of our discipline and through this, the broader life sciences</p>	
<p><i>Establish 'Biochemical Society Strategy for Molecular Biosciences' to be implemented in line with Governance Review outcomes</i></p>	<ul style="list-style-type: none"> • Work on the formulation of this strategy began during 2016. A Working Party of Society Officers was formed to oversee the creation of the strategy and feedback sought from Society Boards and Committees on the framework that will underpin it to ensure that it reflects the interests of the molecular bioscience community.
<p><i>Continue to channel expertise from the biochemistry and molecular bioscience community into the policy work of the Royal Society of Biology</i></p>	<ul style="list-style-type: none"> • In 2016, the Society fed into eight consultations through RSB: <ul style="list-style-type: none"> ○ Higher Education Green Paper on <i>Fulfilling Our Potential: Teaching Excellence, Social Mobility and Student Choice</i>, January 2016; ○ <i>Research Excellence Framework review</i> by Lord Nicholas Stern, March 2016; ○ <i>EU regulation of the Life Sciences</i>, House of Commons Science and Technology Committee, March 2016; ○ <i>Science communication inquiry</i>, House of Commons Science and Technology Committee, April 2016; ○ <i>Teaching Excellence Framework: Technical Consultation for Year 2</i>, July 2016;

	<ul style="list-style-type: none"> ○ <i>Leaving the EU: implications and opportunities for science and research inquiry</i>, August 2016; ○ <i>Brexit impact on Higher Education</i>, October 2016; ○ <i>Schools that work for everyone</i>, Department for Education, December 2016. • In addition to these consultations, the Society also: <ul style="list-style-type: none"> ○ Co-signed a letter by RSB to the Cabinet Office in March 2016 regarding the proposed anti-lobbying clause in government grants; ○ Contributed to RSB's statement on the potential impact of immigration reforms; ○ Contributed to the LeSPAR statement in September 2016 welcoming United Nations support for actions to tackle the threat of antimicrobial resistance. • Separately from RSB, the Society has also published statements in response to the EU Referendum result and Wakeham Review.
<p><i>Engage Society members with Biochemical Society and Royal Society of Biology science policy activities</i></p>	<ul style="list-style-type: none"> • The main topic of policy engagement for the Society in 2016 has been the EU referendum. In advance of the referendum we carried out an online member survey attracting 517 responses (of which 376 were complete and were used for analysis). A report² and accompanying infographic providing a summary of the survey's findings are available from the Society's website. • Other policy engagement events in 2016 have included: <ul style="list-style-type: none"> ○ Voice of the Future: Six Society members attended this event, which provides an opportunity for young scientists to quiz key political figures about the policy issues that matter to them; ○ A lecture and networking reception on drug discovery in partnership with the Drug Discovery Pathways Group (DDPG); ○ A Policy Lates event on '<i>Tackling the antimicrobial resistance crisis</i>' was organized by the European Federation of Biotechnology (EFB) in partnership with LeSPAR. • In 2016, 16 policy blog posts were published on a range of topics, such as the use of animals in research, antimicrobial resistance and the EU referendum.
<p><i>Support the Royal Society of Biology at the level of 1% of turnover per annum for three years</i></p>	<ul style="list-style-type: none"> • During 2016, the Society continued to support RSB with a subvention of 1% of our Annual Turnover. As a 'Key Funder' the Society continues to benefit from greater opportunity to ensure that issues related to molecular bioscience are

² http://www.biochemistry.org/Portals/0/EU_survey%20report%20-%20Biochemical%20Society%20-%20June%202016.pdf

	<p>represented in RSB initiatives, greater involvement in policy activities and increased access to key decision-maker networks. The Biochemical Society also continues to support the role of RSB as a unified voice for biology, whilst confirming the ongoing need for single discipline Societies to serve their communities and promote the importance of their disciplines. Following a review of Society income versus expenditure, the Trustees of the Biochemical Society elected to remove the potential for an additional 1.5% of annual turnover and have agreed amendment of the Society's strategic objectives to reflect this.</p>
<p><i>Encourage the Royal Society of Biology to develop a vision for future collaborative activity including options for shared services, federation and full integration by 2024</i></p>	<ul style="list-style-type: none"> • Following feedback from key funders, RSB reassessed their strategy with regard to potential future federation and integration. They concluded that given changes in the landscape, their future strategy would focus on collaborative working between discipline-specific societies, with the RSB providing a unified voice, rather than working towards integration. The Trustees of the Society have therefore elected to remove this objective from the Three Year Strategy, but affirm their continued support for collaborative activities with both the Royal Society of Biology and our sister societies.
<p><i>Continue to fund shared staff in science policy with the Royal Society of Biology over the next three years</i></p>	<ul style="list-style-type: none"> • Further to a review of Society's income versus expenditure, the Trustees of the Biochemical Society elected to reassess this objective to ensure that it best served the Society and our community, and it was decided that an element of this funding would be reduced from mid-2017.
<p>Ensure sustainable support for the advancement of science</p>	
<p><i>Use the Society's reserves policy to pump-prime Biochemical Society and Portland Press projects to the level of £2million over the period 2013 to 2017</i></p>	<ul style="list-style-type: none"> • Investment in projects to bring the Society in line with technical and organizational best practice, and preparing the Society for the future challenges facing the bioscience learned society, and publishing, sectors continued through 2016. Key activities included: <ul style="list-style-type: none"> ○ Development of a bespoke Membership fulfilment and benefits management system, due to launch in 2017; ○ Implementation of key publishing systems; ○ Upgrading of existing, and roll-out of new, Business Technology infrastructure and systems; ○ Completion and first phase of implementation of, the Governance and Finance Reviews; ○ Transition to the new Society organizational structure.

Biochemical Society
Trustees' Report

<p><i>Continue the review of IT infrastructure and staffing overseen by an external consultant and chaired by a Trustee</i></p>	<ul style="list-style-type: none"> • During 2016, the Society (under the oversight of the Honorary Treasurer and Finance Committee) continued to roll-out its new business technology structure in line with the organizational business technology strategy.
<p><i>Within the period of the strategy, following the recent considerable realignment of business processes and structures, including the closure of Portland Customer Services and sufficient completion of all systems and business technology projects, commission an external organization to undertake a comprehensive review of the Finance and Accounting function of the Biochemical Society</i></p>	<ul style="list-style-type: none"> • Under the guidance of the Vice-Chair, Professor Anne Dell, and the Audit Committee, the accountancy and business intelligence firm BDO was appointed to undertake a full review of the Society Group Finance function. The results of this review were presented, alongside recommendations for improvement, to the Audit, Finance and Executive Committees in mid-2016 and were unanimously accepted. Implementation of recommendations of the review is ongoing and is expected to be completed during 2017.
<p><i>Review reserves policy for presentation of alternatives to the Executive Committee in the first half of 2016. Potential possibilities should be linked to strategies for reinvestment in reserves and provision for likely pension fund deficit. To be reviewed in three years' time</i></p>	<ul style="list-style-type: none"> • Following consideration of the Society's reserves policy during 2015, a proposed new policy was ratified in 2016 and continues to inform Society financial activities and planning.

Governance and Management

Governance Review

In November 2013 the Trustees of the Biochemical Society commissioned a review of the Governance of the Society, in order to bring its processes, policies, structures and legislative documentation in line with best practice and enable the Society to adapt to future challenges. The review was undertaken by a Working Party of three Trustees, two members of the Senior Management Team and a firm of external consultants.

In July 2016, the Members of the Society were asked to vote on the proposals put forward by the review. These proposals were intended to:

- Create clear, transparent and responsive governance structures, policies and procedures;
- Readjust the Trustee body to ensure more proportional representation of the breadth of the Society's membership, and enable enhanced focus on strategic matters;
- Create an agile Executive Management Team to ensure continued momentum on the implementation of our strategy;
- Encourage inter-functional and inter-Society collaboration, in particular with the Biochemical Society Strategy for the Molecular Biosciences (as per the Society's *Three Year Strategy*).

With these changes, the Society aims to further enable achievement of its strategic objectives and mission to promote the future of the molecular biosciences. The impact of these changes on the high-level function of Biochemical Society governance is reported below. A full report on the changes proposed to the Members is available on the Biochemical Society website [here](#).³

The final implementation phase of the Governance Review was completed in mid-2017 directed by the members of the Executive Management Committee.

Committee Structure, Governance and Internal Legislation

During 2016, the Biochemical Society delivered its mission and charitable objectives through its members, who were represented on the Council, the Executive Committee and its contributing sub-committees. The Executive Committee comprised the Society's Board of Trustees (Directors) and the Council comprised the members of the Executive Committee; representatives of the Society's six Theme Panels, a representative of the Irish Area Section and six representatives from the membership not otherwise responsible for a Society committee or sub-committee. The Executive Committee met at least three times a year, and the Council met at least twice a year.

Following the approval of the recommendations of the Governance Review, as of January 2017, a Council of Trustees has been convened. This is the Society's Board of Trustees and comprises the President, the Chair of the Executive Management Committee, the Honorary Treasurer, the Chair of Portland Press Ltd, the Honorary Meetings Secretary, the Honorary Membership Secretary, the Honorary Policy Officer, the Chair of the Education, Training and Public Engagement Committee, the Chairs of the Society's three reconstituted Theme Panels, a Society Local Ambassador, a student or early career member representative and up to two balance positions to fill any specific skills gap identified by Council of Trustees, Executive

³ <http://www.biochemistry.org/Portals/0/About%20Us/Docs/Governance%20Review%20Report.pdf>

Management Committee or Audit Committee. The Council of Trustees will meet four times a year and will address Society strategy and matters reserved for consideration by Directors/Trustees. The Council of Trustees will be chaired by the President of the Biochemical Society.

Additionally, an Executive Management Committee has been convened with the remit of overseeing the implementation of the Strategy set by the Council of Trustees. It meets a minimum of five times a year and comprises the Chair of the Executive Management Committee, the Honorary Treasurer, the Chair of Portland Press Limited Board, a member not otherwise appointed on a Society committee, and the Chief Executive Officer.

The Trustees have established a number of sub-committees and details of their membership and terms of reference can be found on the Society Website. The Finance Committee meets a minimum of three times a year and advises the Executive Committee on budget and investment strategy.

The Society is keen to encourage as wide a representation of its members as possible amongst its Trustees. Members are invited to stand for election (or appointment if the candidate meets the minimum criteria and is uncontested) through announcements placed on the website and sent by email, or via post if a valid email address is not held. Where appropriate, and supported by the Society's governing documents, direct appointments to vacant roles that have not received nominations are made by the Executive Management Committee, with delegated authority from the Council of Trustees and under guidance from the Membership and Nominations Committee. These Committees are mindful of the particular skills of existing Trustees and committee members and of areas of expertise that might be strengthened. As of 2018, the Audit Committee will undertake a biennial assessment of the consolidated Trustee skill set, and will advise the acquisition of skills that are assessed as missing.

The Society is a charity registered in England and Wales and was incorporated by guarantee on 26 November 1966. It has no share capital and the liability of each member is limited to £1. The governance document prior to 6 July 2016 was the *Memorandum and Articles of Association*. Following the Annual General Meeting this has been replaced by the updated *Articles of Association* which can be found on the Society's website, or by request.

The Society's Trustees are also Directors of the Company. Trustees pay due regard to the Charity Commission guidance on public benefit and commission annual audits of Society activities to ensure compliance. All audit activity is initially managed by the Audit Committee which was chaired in 2016 by the Vice-Chair. The Honorary Treasurer attends by request. The President of the Society may not attend these meetings.

During the period 1 January to 31 December 2016 there were 9 Trustees, as shown on page 23.

The Chair of the Portland Press Board of Directors also holds a position of Trustee within the Society. This role is appointed by the Council and has a usual term of service of five years. This can be amended or extended at the discretion of the Council following guidance from members of the Portland Press Limited Board. As of 6 October 2016, the term of office of the current Chair of Portland Press Board was extended by two years.

In addition to overseeing the annual audit, the Audit Committee undertakes a detailed annual review of the Society's Risk Register, wherein measures to mitigate individual risk are agreed

and monitored. The outcomes of these reviews are reported to the Trustees and inform their deliberations when making decisions affecting the Society.

Statement of Trustees' Responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under Company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and the application of resources, including income and expenditure, of the charitable Company for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles of the Charities Statement of Recommended Practice, FRS 102;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial standards;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable organization will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

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

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

Trustee Induction and Access to Training

New Trustees receive, on appointment, an induction pack consisting of all key Society governance documents (including the *Articles of Association* and *Society By-Laws*), the Annual Accounts for the previous financial year, an outline of the responsibilities of key officers of the Society, terms of reference for all Society committees and sub-committees, and the

Society Risk Register. Trustees who will have specific responsibility for a committee/sub-committee also receive copies of the minutes from any appropriate meetings that have taken place within the last twelve months.

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

All Trustees are invited to attend an induction day comprising introductory sessions on charity management, governance and the responsibilities of Trustees. They also receive an introduction to Society staff and departments along with a tour of the Society's facilities. Where Trustees require additional skills, or enhancements to pre-existing skills, requests are managed in-house and external training is provided. All inductions are managed and conducted by the Acting Chief Operating Officer (until 22 August 2016, Head of Group Projects and Governance).

Portland Press Limited

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

In May 2016, Portland Press agreed to cease provision of Professional Conference Organization services to third party clients at the end of current contracts. All activity with existing third party clients is expected to end in the final quarter of 2017.

Portland Press Limited has its own Board of Directors, on which sit four trustees. The full membership of the Board of Directors of Portland Press Limited, in 2016, is listed on page 24.

Management of the Society's business and activities

The Trustees have delegated the authority to manage the Society to the Chief Executive who reports on the performance of the Society against the strategic and operational plans approved by the Trustees. The Senior Management Team leads particular areas of Society activity and is responsible to the Chief Executive. The members of the Senior Membership Team are listed on page 25.

Charles Darwin House Limited

Charles Darwin House Limited (CDH Ltd) holds the legal title to the properties on trust for the beneficial owners of the properties, the beneficial owners being the Biochemical Society, RSB, BES, SEB and MS. The properties are held in this way in the shares set out in the co-ownership agreement which has been put in place to govern the relationship between the various parties.

In addition, pursuant to the property management agreement, CDH Limited has been appointed by the Societies as the facilities manager for the properties (including networking services) as well as managing the Charles Darwin House Conference Venue business.

On 15 March 2016, the Trustees of the Biochemical Society agreed to sell a 6.2% share in CDH Ltd, and its associated properties, to SfAM. This sale completed in May 2017, with a final sale value of £1,383,000.

Biochemical Society Trustees

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

Professor Sir David Baulcombe	President
Professor Steve Busby	Chair (to 31 December 2016)
Professor Anne Dell	Vice-Chair (to 31 December 2016); Chair (from 01 January 2017)
Dr Nick Watmough	Honorary Treasurer
Professor Nicola Gray	Honorary Membership Secretary
Professor Sheila Graham	Honorary Meetings Secretary (to 31 December 2016)
Professor Stefan Roberts	Honorary Meetings Secretary (from 01 January 2017)
Professor Richard Reece	Chair, Portland Press Limited Board of Directors
Professor Robert Beynon	Chair, Education Committee
Professor David Carling	Chair, <i>Biochemical Journal</i> Editorial Board (to 31 December 2016)
Dr David Pye	Honorary Policy Officer (from 01 January 2017)
Dr Helen Watson	Chair, Training Theme Panel (from 01 January 2017)
Professor Michelle West	Chair, Basic Biosciences Theme Panel (from 05 July 2017)
Dr Joanne Edwards	Chair, Clinical and Translational Theme Panel (from 05 July 2017)
Dr Martin Pool	Local Ambassador Representative (from 05 July 2017)
Dr Dominika Gruszka	Early Career Researcher Representative (from 05 July 2017)
Dr Malcolm Weir	Industry Representative (from 05 July 2017)

Directors of Portland Press Limited

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

Professor Richard Reece	Chair, Portland Press Limited Board of Directors
Dr Matthew Cockerill	Non-Executive Director (from February 2017)
John Cox	Non-Executive Director
Philip Garner	Non-Executive Director (from February 2017)
Professor Anne Dell	Non-Executive Director and Vice-Chair, Biochemical Society (to 31 December 2016)
Peter Richardson	Non-Executive Director
Sue Thorn	Non-Executive Director
Dr Nick Watmough	Non-Executive Director and Honorary Treasurer, Biochemical Society
Professor David Carling	Chair, <i>Biochemical Journal</i> Editorial Board (to 18 January 2017)
Kate Baillie	Executive Director and Managing Director/CEO, Biochemical Society
Dr Niamh O'Connor	Executive Director/Director of Publishing Biochemical Society and Portland Press
John Misselbrook	Executive Director/Deputy CEO and Director of Finance, Biochemical Society and Portland Press (to 01 September 2016)

Senior Management Team

Kate Baillie

CEO, Biochemical Society and Managing Director, Portland Press Ltd
kate.baillie@biochemistry.org

John Misselbrook

Deputy CEO and Director of Finance (to 01 September 2016)

Dr Niamh O'Connor

Director of Publishing
niamh.oconnor@biochemistry.org

Adam Hughes

Acting Chief Operating Officer
adam.hughes@biochemistry.org

Claire Dowbekin

Head of Sales and Marketing (to 13 April 2017)

Anna Labuz

Head of Finance
anna.labuz@biochemistry.org

Elsa Montes

Acting Head of Scientific Meetings (to 15 July 2016)

Lorraine Reese

Head of Conferences and Events (from 10 October 2016)
lorraine.Reese@biochemistry.org

Hannah Russell

Head of Education, Training and Policy
hannah.russell@biochemistry.org

Laura Woodland

Head of Membership Engagement
laura.woodland@biochemistry.org

Public Benefit Statement

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

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit "Charities and Public Benefit".

Key Contacts

Bankers

Coutts & Co

440 Strand, London. WC2R 0QS

National Westminster Bank Plc

100 The Crescent, Colchester. CO4 9GN

Solicitors

Mayer Brown

201 Bishopsgate, London. EC2M 3AF

Auditor

Grant Thornton UK LLP

Grant Thornton House, 202 Silbury Boulevard,
Central Milton Keynes. MK9 1LW

Investment managers

Newton Investment Management Ltd

(part of BNY Mellon)
160 Queen Victoria Street, London. EC4V 4LA

Registered office

Charles Darwin House

12 Roger Street, London. WC1N 2JU

Company secretary

John Misselbrook (to 02 September 2016)
Adam Hughes (as of 02 September 2016)

Plans for future periods

2017 will be year two of the Society's current three-year strategy. Strategic objectives for the three-year period, updated as outlined in '2016 achievement against objectives' to take account of changes in the landscape, with specific points relating to 2017 are given below.

Bringing together molecular bioscientists

- Ensure a strong future for the molecular biosciences through engaging in strategic collaborative projects with sister societies; these will include a second collaborative mixer at the Experimental Biology conference in collaboration with BPS, TPS and the Nutrition Society and collaborative scientific meetings with sister societies;
- Review membership offering to support our members at all stages of their careers; this will be facilitated by finalizing development of, and implementing, a new membership fulfilment system; offering professional registration to members will continue to be explored;
- Increase membership engagement through more targeted communications and members' events; implementation of a new Membership and Nominations Committee will contribute to increasing engagement;
- Increase the number of members from the industrial, biotechnology and academic drug discovery sectors, providing a platform for collaboration, facilitating innovation and supporting links between academia and industry; 2017 will be year three of the Society's Industry Strategy, increasing representation from this group will contribute to growing membership;
- Continue to develop international links and networks supporting scientists to share their work on a global scale; evaluate our offering for members in geographical areas of strength for the molecular biosciences;
- Foster diversity and equal opportunity for entry and progression in our discipline, including through support of Daphne Jackson Fellowships, Society Grants and Bursaries, and ensuring equality of opportunity in Society-run events and schemes.

Supporting the next generation of biochemists

- Develop educational events and training days to facilitate the sharing of expertise and ensure a strong skills base; six training events are planned for 2017;
- Support teachers and HE educators to develop their skills and knowledge and foster links between schools, academia and industry;
- Provide careers support and information for students and early career researchers and promote the opportunities offered by biochemistry and molecular biology through education and training from age 15 upwards; 2017 will see the next stage of our careers project in partnership with RSB to build links with Initial Teacher training providers and raise trainee teachers' awareness of the resources that the Biochemical Society and RSB offer schools to help them support their students in making informed careers choices;
- Create online content to support the teaching and understanding of biochemistry; the Society will work on developing a portal for online training during 2017; new content covering pre-implantation genetic diagnosis and IVF will be added to Sciberbrain; the third Understanding Biochemistry themed issue of *Essays in Biochemistry* is planned for October 2017.

Promoting and sharing knowledge

- Evaluate the positioning of Society conferences, in particular Harden Conferences and Hot Topic Meetings to offer greatest value to the community and greatest contribution to the advancement of science. The evaluation of the positioning of Harden Conferences has

been completed, while work on the positioning of Hot Topic meetings will be finalized in 2017;

- Restructure Theme Panels and review operational procedures and processes in line with scientific meetings strategy, Society goals and promoting synergies; appointments to new positions will continue through early 2017; focus will be on streamlining processes and systems, improving communications and ensuring value for the Society and participants;
- Seek to engage with meetings in the molecular biosciences where appropriate, with a view to collaboration rather than offering sponsorship;
- Review publication of abstracts from Society meetings to maximize the circulation of scientific information; the format of abstracts will be considered further in conjunction with review of the abstract submission and peer-review system and procedures during 2017;
- Ensure that Portland Press is a leading publisher in the life sciences, continuing to publish internationally recognized quality life science research; 2017 will see a focus on building our network in key geographic regions; we will continue to work to expand the readership of our publications; implementation of the strategy for *The Biochemist* will continue with the aim of ensuring the magazine is an engaging source of news and views on issues of relevance to the molecular bioscience community;
- Develop the Portland Press portfolio to offer a home for every paper published within the molecular biosciences, growing to encompass the broader life sciences; the breadth of high-quality articles published will continue to grow through 2017;
- Develop a journal portfolio including contract publishing of life science titles;
- Develop ambitious targets for promoting and sharing scientific research, providing sustainable support for the advancement of science, including through collaborative activities; growing revenue will continue to be a focus, as will growing readership as measured by full-text downloads of articles;
- Support students and researchers to communicate their work to the public and promote public engagement with biochemistry and the molecular biosciences; a new public engagement activity in collaboration with BSGCT will be launched in 2017; public debates will be held on the topics of genome editing and citizen science; a project offering public engagement training and opportunities for early career scientists will be undertaken in collaboration with RSB.

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

- Establish 'Biochemical Society Strategy for Molecular Biosciences' to be implemented in line with Governance Review outcomes; the strategy is expected to be completed and implementation begun, during 2017;
- Continue to channel expertise from the biochemistry and molecular bioscience community into the policy work of the Royal Society of Biology;
- Engage Society members with Biochemical Society and Royal Society of Biology science policy activities; responding to consultations including that on the Research Excellence Framework; contributing to a Policy Officer position at the Campaign for Science and Engineering (CaSE); participating in parliamentary events such as Voice of the Future and Parliamentary Links Day;
- Support the Royal Society of Biology at the level of a minimum of 1% of turnover;
- Continue to fund shared staff in science policy with the Royal Society of Biology over the next three years.

Ensure sustainable support for the advancement of science

- Continue the review of IT infrastructure and staffing, overseen by an external consultant and chaired by a Trustee;
- Within the period of the strategy, following the recent considerable realignment of business processes and structures, including the closure of Portland Customer Services and

Biochemical Society
Trustees' Report

sufficient completion of all systems and business technology projects, utilize existing external organizational contacts to complete implementation of the proposals presented by the comprehensive review of the Finance and Accounting function of the Biochemical Society.

Financial review

The Group's results for the year are set out in detail in the Statement of Financial Activities on page 41. The financial statements have been prepared in accordance with FRS102 and the Charities SORP 2015. The prior comparative figures within this report represent the six-month transitional period from July to December 2015 to realign reporting to calendar years.

As explained in the principal accounting policies on page 35-40, the profits distributed from Portland Press Ltd to the Biochemical Society under gift aid are recognised within Portland Press accounts as distribution through equity rather than as an expense through the statement of comprehensive income. This represents a change in accounting policy and has been accounted for as a prior year adjustment.

Treasurer's report

The Society had budgeted for an operating deficit, before other recognized gains and losses. At its 2013 Strategy Retreat, the Trustees of the Society agreed to designate up to £2m of reserves as a business development fund to finance the realignment and implementation of processes, systems and structures for the ongoing support and financial stability of the Group and its business activities. Many of these reviews are now complete. Expenditure from this fund has contributed to the planned and budgeted net operating deficits reported since that Retreat. The financial impact resulting from this investment in terms of cost savings and revenue streams is already beginning to feed through within the financial statements.

On an operating basis, and before accounting for other recognized gains and losses, the Group made a deficit for the year of £639,000 (Jul-Dec 2015: £219,000 deficit as restated), including the business development costs of £532,000.

Portland Press Limited, the Society's trading subsidiary, made a pre-tax profit for the period of £1,231,000 (Jul-Dec 2015: £600,000), with all profits being distributed to the Society under gift aid and included in the figures stated above. Subscription income was lower than in 2015, affected by factors including currency conversion rates and local economic conditions in some regions affecting acquisition of new business. Other factors that had a bearing on PPL revenue in 2016 included an unexpected delay in appointing key staff and the limitations of some legacy IT systems. Open access revenue showed positive growth, increasing by over 60% from 2015.

Other principal funding sources comprise income from membership subscriptions, conferences registration fees and sponsorship, totalling £828,000 (Jul-Dec 2015: £457,000) and investment income of £244,000 (Jul-Dec 2015: £120,000).

The Society's charitable expenditure, excluding Portland Press trading activities, amounted to £3,059,000 (Jul-Dec 2015: £1,458,000).

The Biochemical Society Staff Pension Scheme, a defined benefit scheme, was closed to new entrants and future accrual from February 2011. The Society currently offers staff the opportunity to be members of the Universities Superannuation Scheme, a multi-employer defined benefit scheme. Actuarial losses for the period on both schemes amounted to £45,000 with a deficit liability to the Society as at 31 December 2016 of £1,480,000. This is explained further in note 18.

The Society accounted for net gains on investments of £409,000 from the equity investments and the Charles Darwin House investment properties.

After accounting for these items, the Group made a net deficit of £386,000 (Jul-Dec 2015: £176,000 surplus) for the period, with closing reserves of £8.8 million (Dec 2015: £9.2 million).

The 2017 budget has been prepared on a conservative basis. In response to actual funding levels in 2016, the Society has reduced its planned charitable spending, with a list of spending cuts having been presented to the Council at its December meeting (1 December 2016). A further review of activities is underway to identify opportunities for additional cost-savings, as well as opportunities to maximize revenues. The aim of the Trustees is to reduce the Group's deficit in 2017 and return to a break-even position as soon as it is realistically possible.

Reserves policy and going concern

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

The Society considers free reserves to be the unrestricted funds not designated for other purposes and readily available in the short to medium term. For this purpose, free reserves are calculated as 'Other Charitable Funds' less the value of investment properties. As at 31st December 2016 free reserves amounted to £1.9 million (2015: £2 million).

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

As at 31st December 2016 the Society had free reserves sufficient to cover 10 months of charitable expenditure. This is within the level of free reserves as outlined in the policy.

In the opinion of the Trustees the Society has adequate reserves to continue its activities for the foreseeable future.

Investment policy

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

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

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

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

Although a reasonable and consistent level of income and growth is expected, the performance of the investment managers is essentially judged on the total return of income plus capital growth minus investment management fees. The performance of the unrestricted fund investments is benchmarked against a parcel of indices. The managers are expected to out-perform these indices.

The equity investment fund underperformed its comparative index over the year achieving a return of 13.5% against a comparative index performance of 19.6%. At 31 December 2016, the investment portfolio was valued at £3,134,000 including cumulative unrealized gains of £620,000.

Remuneration policy

The Trustees, being the Executive Directors of the Society, receive no direct remuneration for the duties they undertake on behalf of the Society. Senior management remuneration is

benchmarked against similar positions within the sector and against comparative professional positions where applicable.

Principal risks and uncertainties

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

Financial risk management objectives

The main financial risks to the Society relate to its dependency on income from publishing activities. Changes in financial models and content dissemination within the journal publishing sector create some uncertainty in the sustainability of certain revenue streams, in particular in the move away from the end-user pays model towards the author pays model. The Society will continue to monitor developments in the journal publishing sector to identify new and alternative revenue models, and to mitigate the impact of market changes.

An additional risk exists in the uncertainty of future deficit funding requirements of defined benefit pension arrangements pertaining to Society staff through both the Biochemical Staff Pension Scheme, closed to new entrants and future accrual from March 2011, and the Universities Superannuation Scheme, currently available to Society employees. Further details of each of these schemes can be found in note 18 of the accounts.

Trustees' approval

In approving the Trustees' report, the Trustees are also approving the Strategic report in their capacity as Trustees of the charitable group.

Signed on behalf of the trustees by

Professor Sir David Baulcombe
President

Professor Anne Dell
Chair

7 September 2017

Independent Auditor's Report to the Members of the Biochemical Society

We have audited the financial statements of the Biochemical Society for the year ended 31 December 2016 which comprise the principal accounting policies, the consolidated statement of financial activities, the statement of financial position, 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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members and trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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 and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 21, 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. We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. 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 parent charitable company's affairs as at 31 December 2016 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Charities Act 2011.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and Trustees' Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Trustees' Annual Report.

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 and Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient 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'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.

William Devitt

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
Date:

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Financial Statements for the period ended 31 December 2016

The financial statements have been prepared in accordance with the Financial Reporting Standard 102 applicable in the UK and Republic of Ireland (FRS 102) and follow the recommendations in the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP (FRS 102) effective 1 January 2015).

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

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

The financial statements are prepared in sterling which is the functional currency of the Group and rounded to the nearest £'000.

Basis of consolidation

The Group financial statements consolidate those of the Society and of its principal subsidiary undertaking drawn up to 31 December 2016. The previous period comparatives are for a 6-month period, which represents a transitional period from July to December 2015, so that the accounting year is in line with the publishing income received by its principal subsidiary. Surpluses or deficits on intra-group transactions are eliminated in full. The results of the trading subsidiary have been incorporated on a line-by-line basis.

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

The Biochemical Society meets the definition of a public benefit entity under FRS 102.

Income recognition

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

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

Biochemical Society Financial Statements Principal Accounting Policies

Investment income comprises dividends receivable during the accounting period and interest receivable on listed and unlisted investments. Rent income is recognized in the period to which they relate.

Sales of journals and membership fees are recognized as income in the period to which they relate. Amounts received for future periods are included in creditors as subscriptions in advance (note 15).

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

Amounts collected on behalf of external clients and not yet paid over are included in other creditors (note 15).

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

Expenditure

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

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

- Costs of generating funds are those costs incurred in attracting voluntary income, in managing the Society's investments, and those incurred in trading activities that raise funds.
- Charitable activities include expenditure associated with the core work of the Society in promoting the advancement of biochemistry.
- Governance costs include those incurred in the governance of the Group and its assets and are primarily associated with constitutional and statutory requirements. These costs are shown as part of charitable activities.

Allocation of support costs

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

Property, plant and equipment depreciation

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

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

Biochemical Society Financial Statements Principal Accounting Policies

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

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

The periods generally applicable are:

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

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

Intangible Assets

The costs of developing the membership fulfilment system are being capitalized as intangible assets. When the software is available for use, which is expected to be during 2017, it will be amortized over the estimated life of the system (3 - 5 years).

Investment Properties

Investment properties are measured at fair value. The surplus or deficit on revaluation is recognized in the statement of financial activities.

No depreciation is provided in respect of the investment properties in accordance with the FRS 102 applicable in the UK. Such properties are held for their investment potential and not for consumption within the business. This is a departure from the Companies Act 2006, which requires all properties to be depreciated.

Investments

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

Stock

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

Foreign currencies

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

Taxation

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

The profits of Portland Press Limited, which would give rise to a tax charge, are distributed to the Society under gift aid, allowing for a tax relief. A tax charge does not therefore normally arise in the financial statements, except to the extent that the amount gift aided falls short of the taxable profits. These gift aid payments are recognized in the Portland Press financial statements as distributions through equity rather than as an expense through the statement of comprehensive income, and therefore an operating profit exists at the statement of financial position date, on which a tax liability arises. The gift aid payments are recognized on the accrual basis where a legal obligation to make a distribution exists at year end.

Fund accounting

Restricted funds are to be used for specific purposes laid down within their objects. Expenditure for these purposes is charged to the fund.

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

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

Cash and cash equivalents

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

Debtors

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

Creditors

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

Pensions

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

Biochemical Society Pension Fund

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

The defined net benefit pension asset or liability in the statement of financial position comprises the total of the present value of the defined benefit obligation (using a discount rate based on

high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. The net surplus or deficit is presented separately from other net assets on the statement of financial position. A net surplus is only recognized to the extent that it is recoverable by the Society.

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

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

Universities Superannuation Scheme (USS)

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

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

Amounts received under gift aid from Portland Press Limited

Portland Press Limited is a wholly owned subsidiary undertaking of the Society. Portland Press Limited distributes substantially all of its profits to the Society under gift aid.

Portland Press has adopted a policy of paying all its taxable profits to the Biochemical Society under Gift Aid. These gift aid payments are recognized within Portland Press accounts as distributions through equity rather than as an expense through the statement of comprehensive income, and therefore an operating profit exists at the statement of financial position date, on which a tax liability arises. This represents a change in accounting policy and has been accounted for as a prior year adjustment in both the subsidiary's and the Group's consolidated financial statements.

Income received under gift aid is credited to the Society's Income and Expenditure account on the accruals basis, where a legal obligation to make the distribution exists at year end.

Leased assets

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

Financial instruments

The Society only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognized at transaction value and subsequently measured at their settlement value.

Consolidated Statement of Financial Activities for the year ended 31 December 2016

including Consolidated Summary Income and Expenditure account

All Unrestricted and restricted funds							
	Note	12 month period to 31 December 2016			6 month period to 31 December 2015		
		Continuing operations £'000	Discontinued Operations £'000	Total £'000	Continuing operations £'000	Discontinued operations £'000	Total £'000
Income from:							
Income from donations and sponsorship		99	-	99	76	-	76
<i>Income from charitable activities:</i>							
Scientific conferences income		469	-	469	245	-	245
Membership fees		256	-	256	136	-	136
Sales of Journals and Books		3,579	-	3,579	1,802	-	1,802
Other income		4	-	4	-	-	-
<i>Income from other trading activities:</i>							
Distribution division income		-	-	-	-	87	87
PCO income		17	-	17	17	-	17
Advertising income		1	-	1	1	-	1
Investment income	3	244	-	244	120	-	120
Total income		4,669	-	4,669	2,397	87	2,484
Expenditure	4						
<i>Expenditure on Raising funds</i>							
Cost of sales: Distribution division		-	-	-	-	234	234
Cost of sales: PCO		14	-	14	10	-	10
Investment properties operating costs		49	-	49	40	-	40
<i>Expenditure on Charitable activities</i>							
Membership recruitment costs		80	-	80	44	-	44
Membership		523	-	523	308	-	308
Grants and awards		348	-	348	153	-	153
Scientific Meetings		1,043	-	1,043	538	-	538
Policy, Education, Professional		406	-	406	168	-	168
Journals and Books: Production		1,847	-	1,847	793	-	793
Journals and Books: Distribution		214	-	214	45	-	45
Administration: Portland Press Ltd		563	-	563	297	-	297
Governance costs		283	-	283	115	-	115
<i>Other expenditure</i>							
Interest on defined benefit pension schemes		58	-	58	23	-	23
Taxation	23	(120)	-	(120)	(44)	(21)	(65)
Total expenditure		5,308	-	5,308	2,490	213	2,703
<i>Net gains on investments</i>							
Realised	8 & 9	197	-	197	85	-	85
Unrealised		212	-	212	714	-	714
Net (expenditure) / income before other gains and losses carried forward		(230)	-	(230)	706	(126)	580

Consolidated Statement of Financial Activities for the year ended 31 December 2016 including Consolidated Summary Income and Expenditure account (cont.)

All Unrestricted and restricted funds						
Note	12 month period to 31 December 2016			6 month period to 31 December 2015		
	Continuing operations £'000	Discontinued Operations £'000	Total £'000	Continuing operations £'000	Restated Discontinued operations £'000	Total £'000
Net (expenditure) / income before other gains and losses brought forward	(230)	-	(230)	706	(126)	580
<i>Other recognised gains and losses</i>						
Actuarial losses on defined benefit pension schemes	18	(45)	-	(45)	-	(339)
Other gains	10	9	-	-	-	-
Net movement in funds relating to the period carried forward	(266)	-	(266)	367	(126)	241
Fund balances brought forward as previously reported		9,235	-	9,059	-	9,059
Prior period adjustment	23	(120)	-	(120)	-	(185)
Fund balances carried forward 31 December 2016		8,849	-	9,241	(126)	9,115
Analysis of fund balances:						
Revaluation reserve			339			339
Restricted funds			1,046			980
Unrestricted funds			7,464			7,796
			8,849			9,115

The financial activities above include £3,309,000 of net incoming and £3,059,000 of outgoing resources relating to the charity. Further details are included in Note 20.

The distribution division (PCS) has been discontinued in 2015 and the income and the costs relating to this decision have been disclosed separately above.

Total income including interest receivable comprises £4,645,000 for unrestricted funds and £24,000 for restricted funds. A detailed analysis of income by source is provided in the statement of financial activities.

Detailed analyses of expenditure are provided in the statement of financial activities and note 4.

Net expenditure before other recognised gains and losses for the year of £230,000 comprises £296,000 net expenditure for unrestricted funds and a £66,000 net income in restricted funds, as shown in the statement of financial activities.

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

The accompanying accounting policies and notes form an integral part of the financial statements.

Statement of Financial Position as at 31 December 2016

	Note	Group		Society	
		2016 £'000	2015 £'000 Restated	2016 £'000	2015 £'000 Restated
Fixed Assets					
Tangible assets	6	1,957	1,872	1,957	1,872
Intangible assets	7	32	23	32	23
Investments	8	3,755	4,498	3,755	4,498
Investment Property	9	5,052	5,080	5,052	5,080
		<u>10,796</u>	<u>11,473</u>	<u>10,796</u>	<u>11,473</u>
Current Assets					
Stock	13	7	13	-	-
Debtors	14	490	327	294	187
Cash at bank and in hand	10	2,075	1,791	414	490
		<u>2,572</u>	<u>2,131</u>	<u>708</u>	<u>677</u>
Creditors: amounts falling due within one year	15	3,039	2,902	1,176	1,929
		<u>(467)</u>	<u>(771)</u>	<u>(468)</u>	<u>(1,252)</u>
Net current liabilities					
Net assets excluding pension liability		<u>10,329</u>	<u>10,702</u>	<u>10,328</u>	<u>10,221</u>
Defined benefit pension liability	18	1,480	1,587	1,480	1,587
Total net assets		<u>8,849</u>	<u>9,115</u>	<u>8,848</u>	<u>8,634</u>
The Funds of the Charity					
Restricted Funds	11	1,046	980	1,046	980
Unrestricted Funds					
Designated Funds	12	1,989	2,417	1,989	2,417
Other charitable Funds	12	6,954	6,485	6,954	6,485
Revaluation Reserve	12	339	339	339	339
Non-charitable trading Funds		1	481	-	-
		<u>9,283</u>	<u>9,722</u>	<u>9,282</u>	<u>9,241</u>
Pension Reserve	18	(1,480)	(1,587)	(1,480)	(1,587)
Total Unrestricted Funds		<u>7,803</u>	<u>8,135</u>	<u>7,802</u>	<u>7,654</u>
Total Charity Funds		<u>8,849</u>	<u>9,115</u>	<u>8,848</u>	<u>8,634</u>

The financial statements were approved and authorised for issue by the Trustees of the Biochemical Society on 7 September 2017.

Professor Sir David Baulcombe
President

Professor Anne Dell
Chair

Company number: 00892796

The accompanying accounting policies and notes form an integral part of the financial statements.

Consolidated Statement of cash flows for the year ended 31 December 2016

	Note	Year ended 31 December 2016 £'000	Restated 6 months ended 31 December 2015 £'000
Cash flows from operating activities			
Net cash used in operating activities	A	(988)	(566)
Cash flows from investing activities			
Dividends, interest and rents from investments		244	120
Purchase of property, plant and equipment		(152)	-
Purchase of intangible asset		(9)	(23)
Proceeds from sale of investments		1,200	1,350
Purchase of investments		(20)	(131)
Investment impairment release		9	-
Net cash provided by investing activities		<u>1,272</u>	<u>1,316</u>
Change in cash and cash equivalents in the reporting period		284	750
Cash and cash equivalents at the beginning of the reporting period		<u>1,791</u>	<u>1,041</u>
Cash and cash equivalents at the end of the period	B	<u>2,075</u>	<u>1,791</u>

Notes to the Statement of Cash flows

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

	Year ended 31 December 2016 £'000	Restated 6 months ended 31 December 2015 £'000
Net (expenditure) / income for the reporting period	(230)	580
Depreciation	66	35
Decrease / (increase) in stocks	6	(2)
Gains on investments	(409)	(799)
Interest and rents from investments	(244)	(120)
(Increase) / decrease in debtors	(163)	156
Increase / (decrease) in creditors	137	(329)
Closed pension scheme deficit funding	(110)	(110)
Pension scheme costs charged	(99)	-
Pension schemes interest	58	23
Net cash outflow from operating activities	<u>(988)</u>	<u>(566)</u>

B. Analysis of cash and cash equivalents

	Current Period £'000	Prior Period £'000
Cash at bank and in hand	<u>2,075</u>	<u>1,791</u>

Biochemical Society Financial Statements

Notes to the Consolidated Financial Statements for the year ended 31 December 2016

1. Statutory information

The Biochemical Society is a Private company limited by guarantee without share capital, domiciled in England and Wales, registration number 00892796. The registered office is Charles Darwin House, 12 Roger Street, London WC1N 2JU.

2. Income from subsidiary company

The charity has one wholly owned trading subsidiary, which is incorporated in England and Wales, Portland Press Limited, company number 02453983. It is principally engaged in the publication and distribution of scientific journals and books, and the provision of membership and distribution services. Portland Press pays substantially all of its profit to the Biochemical Society.

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

Statement of comprehensive income and retained earnings for the year ended 31 December 2016

	12 months to 31 December 2016 £'000	Restated 6 months to 31 December 2015 £'000
Turnover	3,507	1,854
Cost of Sales	<u>(1,558)</u>	<u>(837)</u>
Gross Profit	1,949	1,017
Administrative expenses	<u>(811)</u>	<u>(473)</u>
Operating profit	1,138	544
Exchange gains	92	56
Interest received	<u>1</u>	<u>-</u>
Profit before taxation	1,231	600
Tax	<u>120</u>	<u>65</u>
Profit for the financial period	<u><u>1,351</u></u>	<u><u>665</u></u>
Retained profits brought forward	<u>481</u>	<u>743</u>
Profit for the financial period	1,351	665
Distribution to the Biochemical Society under gift aid	<u>(1,831)</u>	<u>(927)</u>
Retained in Subsidiary	<u><u>1</u></u>	<u><u>481</u></u>

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

Current assets	2,367	2,660
Current liabilities	<u>2,366</u>	<u>2,179</u>
Represented by Shareholders' surplus	<u><u>1</u></u>	<u><u>481</u></u>

The turnover and profit is attributable to the publication and distribution of scientific journals and books, the provision of professional conferences organizing services and the provision of membership and distribution services (ceased in December 2015).

Portland Press Ltd taxable profit for the year was £1,230,835 (Jul-Dec 2015: £599,707). An amount of £1,230,835 has been recognized as a distribution to the Biochemical Society under gift aid. The Directors signed the Deed of Acknowledgement on 30 November 2015.

In previous years donations to the parent charity were reported as expenses through the statement of comprehensive income. The prior period financial statements have been restated to reflect the change in accounting policy. The donation of £599,707 paid to the Biochemical Society in 2016 in respect of the period Jul-Dec 2015, previously reported as a donation in the period ended 31 December 2015, has been restated as a distribution from equity in the year ended 31 December 2016. Further details on the prior period adjustments can be found in note 23.

3. Investment income

	12 months to December 2016 £'000	6 months to December 2015 £'000
Listed investments (including unit trusts)	106	82
Rent income	137	37
Interest receivable from banks and financial institutions	1	1
Total	<u>244</u>	<u>120</u>

4. Analysis of expenditure

	Staff Costs £'000	Support Costs £'000	Other £'000	12 months to December 2016 Total £'000	Restated 6 months to December 2015 Total £'000
<i>Cost of generating funds</i>					
Cost of sales: Distribution division	-	-	-	-	234
Cost of sales: PCO	10	1	3	14	10
Cost of investment	7	-	42	49	40
<i>Charitable expenditure</i>					
Membership recruitment costs	-	-	80	80	44
Membership	381	53	89	523	308
<i>Grants payable:</i>					
Grants to individuals	-	-	127	127	46
Daphne Jackson Trust	-	-	30	30	-
Royal Society of Biology	-	-	77	77	62
Summer Vacation Studentship	-	-	64	64	1
Scientific Outreach	-	-	24	24	9
TIPS and TAPS	-	-	25	25	35
In2science UK	-	-	1	1	-
Scientific conferences	304	47	692	1,043	538
Policy, Education, Professional	188	23	195	406	168
Journals and Books: Production costs	765	238	844	1,847	793
Journals and Books: Distribution costs	-	-	214	214	45
Administration: Portland Press Ltd	436	78	49	563	297
Governance	117	19	147	283	115
Pension schemes interest	-	-	58	58	23
Taxation	-	-	(120)	(120)	(65)
Total outgoing resources	<u>2,208</u>	<u>459</u>	<u>2,641</u>	<u>5,308</u>	<u>2,703</u>

The breakdown of support costs is as follows:

	Administration and Finance £'000	IT support £'000	12 months to December 2016 Total £'000	6 months to December 2015 Total £'000
Cost of sales: distribution division	-	-	-	37
Cost of sales: external events	-	1	1	1
Membership	13	40	53	38
Scientific Meetings	14	33	47	27
Policy, Educational, Professional	9	14	23	11
Journals and books, Production costs	11	227	238	94
Administration: Portland Press Ltd	57	21	78	65
Governance costs	15	4	19	16
Total support costs	<u>119</u>	<u>340</u>	<u>459</u>	<u>289</u>

Expenditure that was incurred by Portland Press Limited is included above, and is itemised in note 2.

Analysis of expenditure (cont.)

Expenditure amounting to £34,000 (Jul-Dec 2015: £14,000) in respect of restricted funds is included in other costs above. Membership expenditure includes £111,000 (Jul-Dec 2015: £40,000) for the cost of publishing and distributing *The Biochemist*.

Total resources expended include:

	12 months to December 2016 £'000	6 months to December 2015 £'000
Academic Support Grants	<u>24</u>	<u>17</u>

Academic Support Grants were paid to the university departments of the following Officers:
A Dell £9,624 (Jul-Dec 2015: £nil); N Watmough £4,812 (Jul-Dec 2015: £nil); S Busby £8,624 (Jul-Dec 2015: £nil); N Gray £9,624 (Jul-Dec 2015: £nil); D Fell £4,812 (Jul-Dec 2015: £nil); R Beynon £4,812 (Jul-Dec 2015: £4,812). The grants were paid as partial compensation to the department for the time spent on Society business by the Officer concerned.

Net (expenditure) / income is stated after charging:

	12 months to December 2016 £'000	6 months to December 2015 £'000
Payments to Grant Thornton UK LLP: audit	29	30
Payments to Grant Thornton UK LLP: audit of FRS102 transition	5	-
Payments to Grant Thornton UK LLP: taxation services	5	3
Payments to Grant Thornton UK LLP: pension advice	12	-
Irrecoverable VAT	23	1
Operating lease rentals – land and buildings	7	3
Depreciation of tangible fixed assets	<u>66</u>	<u>35</u>

Lease commitments

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

	December 2016 £'000	December 2015 £'000
Amount due within one year	7	7
Amount due later than one year and not later than five years	27	27
Amount due later than five years	<u>324</u>	<u>331</u>
Total leases	<u>358</u>	<u>365</u>

Lease payments amounting to £7,000 (Jul-Dec 2015: £3,000) are recognised as expenditure in the reporting period.

5. Employees

	12 months to December 2016 £'000	6 months to December 2015 £'000
Staff costs during the period were as follows:		
Wages & salaries	1,652	962
Social security costs	173	90
Pension costs	<u>146</u>	<u>129</u>
Staff costs before redundancy and termination	1,971	1,181
Redundancy and termination	<u>237</u>	<u>(2)</u>
Staff costs including redundancy and termination	2,208	1,179
Closed pension scheme deficit funding	<u>110</u>	<u>110</u>
Total staff costs	<u><u>2,318</u></u>	<u><u>1,289</u></u>

Included in pension costs is £146,000 (Jul-Dec 2015: £129,000) in respect of the defined benefit Universities Superannuation Scheme, and included in closed pension scheme deficit funding is £110,000 (Jul-Dec 2015: £110,000) in respect of the defined benefit Biochemical Society Staff Pension Scheme.

Further details on Pension Scheme costs are shown in note 18.

The average number of employees of the Society during the period was 39 (2015: 46).

12 trustees (Jul-Dec 2015: 12) have received a total of £24,000 (Jul-Dec 2015: £11,000) in respect of reimbursed travel and accommodation costs incurred in attending Society meetings. Trustees do not receive remuneration.

Salaries paid during the period together with accrued redundancy and termination costs, but excluding pension contributions, exceeding an annual equivalent remuneration of £60,000 were in the following bands. Relevant redundancy payments for employees included within these bands amount to £178,000 (Jul-Dec 2015: £246,000):

Salaries including redundancy payments	December 2016	December 2015
£60,001 to £70,000	1	3
£70,001 to £80,000	-	2
£80,001 to £90,000	1	2
£90,001 to £100,000	1	-
£110,001 to £120,000	-	1
£130,001 to £140,000	1	2
£220,001 to £230,000	1	-

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

Salaries excluding redundancy payments	December 2016	December 2015
£60,001 to £70,000	2	-
£70,001 to £80,000	-	2
£80,001 to £90,000	2	-
£110,001 to £120,000	-	1
£130,001 to £140,000	1	1

Key management compensation	December 2016 £'000	December 2015 £'000
Salaries and short-term employee benefits (including pension contributions)	<u><u>918</u></u>	<u><u>415</u></u>

The figures above include members of senior management.

6. Tangible assets
The Society and the Group

	Freehold Property £'000	Leasehold Property £'000	Equipment & Furniture £'000	Total £'000
Cost or Valuation				
At 1 January 2016	1,476	400	363	2,239
Additions	109	-	43	152
Disposals	-	-	(109)	(109)
At 31 December 2016	<u>1,585</u>	<u>400</u>	<u>297</u>	<u>2,282</u>
Depreciation				
At 1 January 2016	29	11	327	367
Charge for the year	25	7	34	66
Disposals	-	-	(108)	(108)
At 31 December 2016	<u>54</u>	<u>18</u>	<u>253</u>	<u>325</u>
Net book value at 31 December 2016	<u>1,531</u>	<u>382</u>	<u>44</u>	<u>1,957</u>
Net book value at 31 December 2015	<u>1,447</u>	<u>389</u>	<u>36</u>	<u>1,872</u>

Included within freehold property is land of £590,000 (Jul-Dec 2015: £590,000), which is not depreciated.

The net book value at 31 December 2016 represents Property Plant and Equipment used for:

	Freehold Property £'000	Leasehold Property £'000	Equipment & Furniture £'000	Total £'000
Cost of sales: PCO	6	-	-	6
Charitable expenditure:				
Membership	198	-	5	203
Meetings	237	-	6	243
Policy, Education, Professional	172	-	4	176
Journals and books production and distribution	503	-	20	523
Other costs	415	-	9	424
Other non-operating costs	-	382	-	382
	<u>1,531</u>	<u>382</u>	<u>44</u>	<u>1,957</u>

Depreciation charged on the assets is charged to the relevant department having the benefit.

The Society has elected to treat the fair value as at the date of transition to FRS 102 as the deemed cost.

The company's Freehold was valued on 15 December 2015 by an External valuer, R. Soneji BSc Hons, MRICS of Lambert Smith Hampton as at 1 July 2014. The valuation was in accordance with the requirements of the RICS Valuations Standards and FRS 102. The valuation was on the following bases and assumptions:

For Owner Occupied Property: Valued to Fair Value (FV) assuming that the property would be sold as part of the continuing business. The property was also part leased at the valuation date.

The Valuer's opinion of Market Value and Fair Value was primarily derived using comparable recent market transactions on arms' length terms.

The critical assumptions made relating to the valuations are set out below:

Net initial yield	0.93%
Reversion yield	6.65%
True equivalent yield	6.48%
Equivalent yield	6.24%

Tangible assets (continued)

If the freehold property had not been revalued, it would have been included on the historical cost basis at the following amounts:

	£'000
Cost	2,224
Accumulated depreciation	(246)
Transfer to investments	<u>(904)</u>
Net book amount at 31 December 2016	<u>1,074</u>
Net book amount at 31 December 2015	<u>1,160</u>

The leasehold property is reported at fair value. The property was valued by an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the property being valued was revalued on an existing use basis by a qualified surveyor, L. C. Chambers MRICS of Fenn Wright, in July 2014, on the basis of open market value in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors.

The leasehold property has not been revalued as at 31 December 2016 as the Trustees have considered that the carrying amount does not differ materially from that which would be determined using fair value at that date.

If the leasehold property had not been revalued, it would have been included on the historical cost basis at the following amounts:

	£'000
Cost	153
Accumulated depreciation	<u>(71)</u>
Net book amount at 31 December 2016	<u>82</u>
Net book amount at 31 December 2015	<u>83</u>

7. Intangible Assets

The Society and the Group

	Software Development £'000
Cost	
At 1 January 2016	23
Additions	9
Disposals	<u>-</u>
At 31 December 2016	<u>32</u>
Amortisation	
At 1 January 2016	-
Charge for the year	-
Disposals	<u>-</u>
At 31 December 2016	<u>-</u>
Net book value at 31 December 2016	<u>32</u>
Net book value at 31 December 2015	<u>23</u>

The intangible asset balance as at 31 December 2016 represent costs of developing the membership fulfilment system. The software completion is anticipated in 2017.

8. Investments

The Society and the Group	December 2016 £'000	December 2015 £'000
Equity investments at fair value		
Fair value at start of period	4,498	5,832
Less: disposals at cost	(1,003)	(1,265)
Add: acquisitions at cost	-	1
Net gain / (loss) on revaluation	<u>260</u>	<u>(70)</u>
Fair value at end of period	<u><u>3,755</u></u>	<u><u>4,498</u></u>
Historical cost as at end of period	<u><u>3,135</u></u>	<u><u>4,138</u></u>

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

The Society holds 100% of the Ordinary shares in Portland Press Limited, the cost of investment is £100, and is valued at cost less impairment.

The Society holds an investment in shares to the value of £356 in Charles Darwin House Limited, a private company formed to manage Charles Darwin House, the London headquarters in which the Society holds a proprietary share. This shareholding represents a holding of 35.6% and is accounted for as a fixed asset investment at cost less impairment.

9. Investment Properties

The Society and the Group	December 2016 £'000	December 2015 £'000
Investment properties at fair value		
Fair value at start of period	5,080	3,036
Add: transfer from fixed assets	-	1,129
Add: capital expenditure	20	131
Net gain / (loss) on revaluation	<u>(48)</u>	<u>784</u>
Fair value at end of period	<u><u>5,052</u></u>	<u><u>5,080</u></u>
Historical cost as at end of period	<u><u>3,748</u></u>	<u><u>3,728</u></u>

The Society owns a 35.6% interest in 107 Gray's Inn Road and 12 Roger Street, London. The 107 Gray's Inn Road property is held as an investment property and a 15.6% interest in 12 Roger Street is classified as an investment property.

The investment properties are reported at fair value. The properties were valued by an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the property being valued was revalued by a qualified surveyor, R. Leggett MRICS of Lambert Smith Hampton, in September 2016, on the basis of both fair value and market value in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors using recent comparable market transactions.

The critical assumptions made relating to the valuations are set out below:

	12 Roger Street	107 Gray's Inn Road
Net initial yield	0.27%	2.49%
Reversion yield	7.14%	5.96%
True equivalent yield	6.75%	5.68%
Equivalent yield	6.50%	5.50%

Biochemical Society Financial Statements

Notes to the Consolidated Financial Statements for the period ended 31 December 2016

10. Cash and Bank

In 2008 the Society had cash holdings for a value of £529,000 within the Icelandic investment bank Kaupthing Singer & Friedlander (KSF). The monies were held on deposit for their investment potential and did not form part of the day to day working capital.

KSF was placed in administration on 8th October 2008 following an FSA determination that the bank no longer met its threshold conditions, and was likely to be unable to continue to meet its obligations to depositors.

The Society has been unable to ascertain how much of this deposit may be recoverable, and therefore provided for 100% impairment within the 2008 financial statements.

During the financial year to December 2016 the Society received dividend payments of £9,000 from the administrators (Jul-Dec 2015: £nil). A total balance of £446,000 has been recovered to the date of these financial statements. An outstanding balance of £83,000 remains as at 31 December 2016 for which a provision has been maintained in full.

11. Restricted Funds

The Society and the Group	Balance	Movement in Funds			Balance
	1 January 2016	Incoming Resources	Expenditure & Transfers	Investment Gains	31 December 2016
	£'000	£'000	£'000	£'000	£'000
Keilin Memorial Lecture	49	1	-	3	53
Morton Memorial Lecture	50	1	1	3	55
Harden Legacy Fund	139	3	(6)	12	148
Centenary Award Fund	99	1	-	6	106
Krebs Memorial Scholarship Fund	312	8	(23)	37	334
Eric Reid Fund for Methodology	292	4	(8)	15	303
Randle Lecture Fund	16	-	2	-	18
Synthetic Biology Fund	23	6	-	-	29
	<u>980</u>	<u>24</u>	<u>(34)</u>	<u>76</u>	<u>1,046</u>

Keilin Memorial Lecture Fund

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

The Morton Memorial Lecture Fund

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

Harden Legacy Fund

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

Centenary Award Fund

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

Krebs Memorial Scholarship Fund

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

Eric Reid Fund for Methodology

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

Restricted Funds (continued)

Randle Lecture Fund

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

Synthetic Biology Fund

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

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

12. Designated and Other Charitable funds

The Society and the Group	Balance as previously reported £'000	Prior Period Adjustment £'000	Restated Balance 1 Jan 2016 £'000	Net Utilised £'000	Transfer £'000	Balance 31 Dec 2016 £'000
Fixed assets	1,872	-	1,872	(66)	183	1,989
Business investment	545	-	545	(532)	(13)	-
Total Designated Funds	2,417	-	2,417	(598)	170	1,989
Other Charitable Funds	7,085	(600)	6,485	159	310	6,954
Revaluation reserve	339	-	339	-	-	339
Non-charitable trading funds	1	480	481	-	(480)	1
Total Unrestricted Funds	9,842	(120)	9,722	(439)	-	9,283

The formation of the Designated Funds has been aligned with the revised Reserves Policy and comprise of fixed assets held for the Society's operational use, amounts for planned business investment spending, and any other funds that may be designated by the Trustees from time to time. Funding of Society Activities is provided through Other Charitable Funds.

Fixed Assets Fund

The Fixed Assets Fund represents the net book values of the Group's fixed assets as shown in notes 6 and 7.

Business Investment Fund

This fund aimed to support the Group's projects to invest in business processes and structures in line with the objectives set within the five-year strategy.

Revaluation reserve

This reserve relates to the freehold property revaluation gain on transition to FRS 102. In 2015, and in line with FRS102, the decision was taken to reclassify non-operational property holdings as investment assets.

Prior period adjustments relate to the change of accounting policy for Portland Press Ltd distributions to the Biochemical Society under gift aid as explained in the principal accounting policies. The gift aid payment of £600,000 in respect of the taxable profit for the period Jul-Dec 2015, previously recognized as a donation in the period ending 31 December 2015, has been restated as a distribution from equity in the year ending 31 December 2016. There was no legal obligation for Portland Press to pay a distribution from equity in prior period, hence the timing difference in the recognition of the gift aid payment. This resulted in a decrease in the reported charitable funds as at 31 December 2015 and a corresponding increase in non-charitable trading funds less a provision for a tax liability. Further details on the prior period adjustments can be found in note 23.

Analysis of Net Assets of the Group's Funds

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Fund Balances at 31 December 2016 are represented by:			
Property Plant and Equipment	1,957	-	1,957
Intangible Assets	32	-	32
Investment Properties	5,052	-	5,052
Investments	2,942	813	3,755
Current assets	2,339	233	2,572
Current liabilities	(3,039)	-	(3,039)
Net pension liability	<u>(1,480)</u>	<u>-</u>	<u>(1,480)</u>
Total net assets	<u>7,803</u>	<u>1,046</u>	<u>8,849</u>
Reconciliation of movements in unrealised gains on investments:			
Unrealised gains at 31 December 2015	1,662	50	1,712
Net gains arising on revaluations and movements in the period	<u>136</u>	<u>76</u>	<u>212</u>
Total unrealised gains at 31 December 2016	<u>1,798</u>	<u>126</u>	<u>1,924</u>

13. Stock

	2016 £'000	2015 £'000
Finished goods & goods for resale	<u>7</u>	<u>13</u>

14. Debtors: amounts falling due within one year

	The Group		The Society	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade debtors	119	75	-	-
Other debtors	146	129	146	129
Prepayments and accrued income	<u>225</u>	<u>123</u>	<u>148</u>	<u>58</u>
	<u>490</u>	<u>327</u>	<u>294</u>	<u>187</u>

15. Creditors: amounts falling due within one year and deferred income

	The Group		The Society	
	2016 £'000	Restated 2015 £'000	2016 £'000	Restated 2015 £'000
Trade creditors	249	217	249	215
Amounts owed to group undertakings	-	-	503	1,207
Social security and other taxes	47	62	47	62
Other creditors	443	590	20	9
Subscriptions in advance	1,854	1,325	99	73
Other deferred income	35	46	14	15
Accruals	<u>411</u>	<u>662</u>	<u>244</u>	<u>348</u>
	<u>3,039</u>	<u>2,902</u>	<u>1,176</u>	<u>1,929</u>
	The Group		The Society	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Analysis of deferred income				
At 1 January 2016 / 1 July 2015	1,371	1,813	88	203
Amount recognised in the year	(1,371)	(1,813)	(88)	(203)
Amount deferred in the year	1,889	1,371	113	88
At 31 December 2016	<u>1,889</u>	<u>1,371</u>	<u>113</u>	<u>88</u>

16. Capital commitments

There were no capital commitments as at 31 December 2016 (2015: £9,000 for the membership fulfilment software).

17. Contingent liabilities

There were no contingent liabilities at 31 December 2016 (2015: £nil). All known liabilities have been accounted for in the financial statements.

18. Pensions

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

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

	2016	2015
	£'000	£'000
Biochemical Staff Pension scheme (See note 18A)	1,089	1,112
Universities Superannuation Scheme (See note 18B)	<u>391</u>	<u>475</u>
Liability recognised in the statement of financial position	<u><u>1,480</u></u>	<u><u>1,587</u></u>

A. The Biochemical Staff Pension Scheme

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

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

The last funding valuation of the scheme was carried out by a qualified actuary as at 31 December 2013 and annual contributions of £110,000 are expected to be paid by the Society to the Scheme as per the recovery plan.

The results of the latest funding valuation at 31 December 2013 have been adjusted to the statement of financial position date taking into account of experience over the period since 31 December 2013, changes in market conditions and differences in the financial and demographic assumptions. The present value of the defined benefit obligation was measured using the Projected Unit Credit Method.

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

Main financial assumptions

	31 December 2016	31 December 2015
	%pa	% pa
RPI Inflation	3.5	3.2
CPI inflation	2.4	2.1
Maximum of RPI and CPI	3.7	3.4
Pension increases RPI inflation up to 7%	3.5	3.2
Discount rate for Scheme Liabilities	2.8	3.8

Main demographic assumptions

	31 December 2016	31 December 2015
Mortality		
- Base table	S2PxA*	S2PXA*
- Future improvements	CMI 2015	CMI 2014
- Long term rate	1.25% pa	1.25% pa

*120% of base table probabilities for male pensioners. Light version of table for female members

Expected future lifetime from age 65:

- Male currently aged 65	20.8 years	20.9 years
- Female currently aged 65	24.5 years	24.7 years
- Male currently aged 45	24.0 years	24.1 years
- Female currently aged 45	26.1 years	26.5 years

Pensions (continued)

Scheme asset allocation:

	December 2016		December 2015	
	£'000's	%	£'000's	%
Equities	10,110	65%	8,394	72%
Bonds including insured pensioners)	1,613	10%	1,128	10%
Swaps/Gilts (including cash)	<u>3,802</u>	25%	<u>2,161</u>	18%
Closing fair value of scheme assets	<u>15,525</u>		<u>11,683</u>	

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

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

	12 months to December 2016 £'000	6 months to December 2015 £'000
Opening defined benefit obligation (DBO)	12,795	13,202
Interest expense on DBO	480	248
Actuarial losses / (gains) on scheme liabilities	3,651	(515)
Net benefits paid	<u>(312)</u>	<u>(140)</u>
Closing defined benefit obligation	<u>16,614</u>	<u>12,795</u>

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

	12 months to December 2016 £'000	6 months to December 2015 £'000
Opening fair value of scheme assets	11,683	12,334
Interest income on scheme assets	438	233
Gain / (loss) on scheme assets	3,606	(854)
Contributions by the employer	110	110
Net benefits paid out	<u>(312)</u>	<u>(140)</u>
Closing fair value of scheme assets	<u>15,525</u>	<u>11,683</u>
Actual return on Scheme assets	<u>4,044</u>	<u>(621)</u>

Reconciliation of funded status to Statement of Financial Position:

	2016 £'000	2015 £'000
Fair value of assets	15,525	11,683
Present value of funded defined benefit obligations	<u>(16,614)</u>	<u>(12,795)</u>
Funded status	<u>(1,089)</u>	<u>(1,112)</u>
Liability recognised on the Statement of Financial Position	<u>(1,089)</u>	<u>(1,112)</u>

Amounts recognised in Statement of Financial Activities (SOFA):

	12 months to December 2016 £'000	6 months to December 2015 £'000
Interest on defined benefit liability / (asset)	<u>42</u>	<u>15</u>
Pension expense recognised in the Statement of Financial Activities	<u>42</u>	<u>15</u>

Pensions (continued)

Amounts recognised in Other Comprehensive Income (OCI):

	12 months to December 2016 £'000	6 months to December 2015 £'000
Asset gains/(losses) arising during the year	3,606	(854)
Liability (losses)/gains arising during the year	<u>(3,651)</u>	<u>515</u>
Liability recognised in Other Comprehensive Income	<u><u>(45)</u></u>	<u><u>(339)</u></u>

B. Universities Superannuation Scheme

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

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

The Society employer contributions for the year ended 31st December 2016 amounted to £250,000 (Jul-Dec 2015: £131,000). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

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

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Price inflation (CPI)	2.2%	2.2%

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

Male members' mortality	98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality	99% of S1NA ["light"] YoB tables – rated down 1 year

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

	2016	2015
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7

Pensions (continued)

	2016	2015
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%

19. Financial instruments

	The Group		The Society	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
<i>Financial assets at fair value through statement of financial activities</i>				
Equity investments	3,755	4,498	3,755	4,498
<i>Financial assets that are debt instruments measured at amortised cost</i>				
Trade and other debtors	265	204	146	129
<i>Financial liabilities measured at amortised cost</i>				
Trade creditors	(249)	(217)	(249)	(215)

Biochemical Society Financial Statements

Notes to the Consolidated Financial Statements for the period ended 31 December 2016

20. The Society's income and expenditure

The Society has taken advantage of section 408 of the Companies Act 2006 and has not included its own income and expenditure account in these financial statements. The net expenditure for the year for the Group, being consolidated net income and expenditure less the profit retained in the subsidiary, amounts to £230,000 (Jul-Dec 2015: net income £580,000 as restated) which is dealt with in the financial statements of the Society.

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

	Unrestricted Funds £'000	Restricted Funds £'000	Year to 31 December 2016 Total Funds £'000	Restated 6 months to 31 December 2015 Total Funds £'000
Incoming and endowments per consolidated statement of financial activities	4,645	24	4,669	2,484
Deduct: income of trading subsidiary	(3,600)	-	(3,600)	(1,910)
Add: gifted payments from trading subsidiaries	1,831	-	1,831	927
Incoming resources - Society	<u>2,876</u>	<u>24</u>	<u>2,900</u>	<u>1,501</u>
Deduct:				
Total expenditure per consolidated statement of financial activities	5,274	34	5,308	2,703
Deduct: expenditure of trading subsidiary	(2,249)	-	(2,249)	(1,245)
Outgoing resources - Society	<u>3,025</u>	<u>34</u>	<u>3,059</u>	<u>1,458</u>
Net gains on investments	333	76	409	799
Net income – Society				
Before other gains and losses as per consolidated statement of financial activities	<u>184</u>	<u>66</u>	<u>250</u>	<u>842</u>
Investment impairment release	9	-	9	-
Actuarial loss on defined benefit Pension Scheme	(45)	-	(45)	(339)
Net movement in funds relating to the period	<u>148</u>	<u>66</u>	<u>214</u>	<u>503</u>

21. Transactions with related parties

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

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

	12 months 2016 £'000	6 months 2015 £'000
Income		
Accounting	15	8
IT services	(1)	2
Association Management	-	6
Other	<u>7</u>	<u>9</u>
Total income	<u><u>21</u></u>	<u><u>25</u></u>
Expenditure		
HR Services	47	24
Conference facilities	53	38
Other	<u>4</u>	<u>-</u>
Total expenditure	<u><u>104</u></u>	<u><u>62</u></u>

As at 31st December 2016, a debtor balance of £16,000 (2015: £11,000) and a creditor balance of £1,000 (2015: £14,000) were outstanding with Charles Darwin House Limited. These balances will be settled in cash.

Details of transactions between the Group and the co-owners of Charles Darwin House Limited for the year to December 2016 are disclosed below:

	SEB £'000	BES £'000	RSB £'000	MS £'000	Total £'000
Income					
Accounting	15	-	-	-	15
External Events	-	-	27	-	27
Other	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total income	<u><u>15</u></u>	<u><u>-</u></u>	<u><u>28</u></u>	<u><u>-</u></u>	<u><u>43</u></u>
Expenditure					
Subscription	-	-	50	-	50
Grant	-	-	20	-	20
Grant – Sponsored Staff	-	-	65	-	65
Other	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>3</u>
Total expenditure	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>138</u></u>	<u><u>-</u></u>	<u><u>138</u></u>
Benefits in kind	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>7</u></u>	<u><u>-</u></u>	<u><u>7</u></u>
External client income	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>37</u></u>	<u><u>-</u></u>	<u><u>37</u></u>
Balances as at 31 December 2016					
Debtors	<u><u>5</u></u>	<u><u>4</u></u>	<u><u>-</u></u>	<u><u>3</u></u>	<u><u>12</u></u>
Creditors	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>15</u></u>	<u><u>-</u></u>	<u><u>15</u></u>

Benefits in kind

As part of support to RSB, the Society agreed to provide events organising services to RSB for a total value of £10,000, of which £7,000 relates to the year to December 2016 (Jul-Dec 2015: £3,000).

22. Part disposal of interest in Charles Darwin House after the reporting period

On 15 March 2016, the Trustees of the Biochemical Society agreed to sell a 6.2% share in CDH Ltd, and its associated properties, to SfAM. This sale was completed in May 2017 for the value of £1,383,000.

23. Prior period adjustments

Portland Press has adopted a policy of paying all its taxable profits to the Biochemical Society under Gift Aid. These gift aid payments are recognized within Portland Press accounts as distributions through equity rather than as an expense through the statement of comprehensive income, and therefore an operating profit exists at the statement of financial position date, on which a tax liability arises. This represents a change in accounting policy and has been accounted for as the prior year adjustments in both the subsidiary's and the Group's consolidated financial statements.

The impact of the adjustment is a credit of £120,000 in respect of a tax relief on a distribution of the subsidiary's prior period profit under gift aid. The 2015 restated financial statements include non-charitable trading funds of £480,000, being the previously reported Portland Press taxable profit of £600,000 less tax liability.

Prior to the year ended 31 December 2016, there was no legal obligation for the subsidiary to pay a distribution from equity. Consequently, the prior period adjustment includes the restatement of the gift aid inter-company balances by the value of taxable profit for the period Jul-Dec 2015 distributed in 2016. The impact of the adjustment for the period ended 31 December 2015 is to decrease amounts owed from Portland Press to the Biochemical Society by £600,000.

For the year ended 31 December 2016, a Deed of Acknowledgement was in place, which created a legal obligation for a gift aid distribution to be made in respect of the year ended 31 December 2016.