

Trustees' Report and Financial Statements for the year ended 31 December 2017

Trustees' report for the year ended 31 December 2017

The Directors of the Charity are its trustees for the purpose of Charity Law. The Trustees present their Report and Audited Financial Statements for the year ended 31 December 2017. This Report and the Audited Financial Statements have been drawn up in the format recommended by the Charity Commissioners.

Since the charity qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Objectives and Activities

The Company of Biologists Limited was established for the general advancement and promotion of research and the knowledge and study of biology in all its branches and the undertaking of all activities conducive thereto.

In pursuit of its aims, the company activities include:

- Publication and dissemination of high quality journals: Development, Journal of Cell Science, Journal of Experimental Biology, Disease Models & Mechanisms and Biology Open.
- Distribution of grants to individuals, societies and institutions, both within the UK and internationally, in support of biology within the general area of the company's journals.
- Facilitating through the provision of travelling fellowship grants, new collaborations with other universities and opportunities to learn new techniques.
- Organisation and sponsorship of scientific workshops, providing a platform for collaboration and networking, with emphasis on cross-disciplinary interactions and the application of new technologies.
- Facilitating the sharing of scientific knowledge through the free provision of educational resources and the sponsorship of public outreach lectures encouraging scientific debate.
- Hosting of community forums, such as 'the Node', the community site for and by developmental biologists.

In order to achieve the Company's aims detailed above, the trustees have looked at both short-term

and longer-term strategies and implemented those which are considered to be most appropriate. In addition to those listed within 'Plans for future periods' further short term aims of the company include the appointment of new trustees to fill knowledge gaps; re-tender for the investment management appointment and a competitive review of the journals' online hosting platform.

The longer term aims of the company are to continue publication of quality journals, reinforcement of branding whereby the journals will be recognised as being part of the Charity, expanding the customer database, developing new income streams and revenue growth, and to increase and expand the breadth of reinvestment in science by way of grants and workshops.

The company is committed to the widest possible dissemination of the research it publishes to the greatest number of people who can benefit from it, irrespective of their ability to pay, and to educational and charitable initiatives that seek to build awareness of the tremendous importance of developments in life sciences in all our lives.

All the articles the company publish are freely available online after 6 months without restriction and the company's digital archives (going back as far as 1853 in the case of Journal of Cell Science) makes a wealth of classic material freely available to everyone in perpetuity. As participants in the United Nation's HINARI and OARE initiatives, the company makes all its online articles freely available to users in developing countries immediately on publication.

The company was an early adopter of the contractual principle that authors should retain copyright in their own works. Our contract with authors leaves them free to disseminate their work in a wide variety of ways such as posting it on their own websites, re-using it in other publications and storing it in public (PMC) or Institutional Repositories (if required by their funder or institute) so offering unrestricted access to many different communities.

Trustees are careful to ensure that a significant proportion of our charitable giving each year is reserved for educational initiatives that aim to bring biology to life for all. Much of our charitable giving is focussed on helping young biologists gain a wider appreciation of the work done by other biologists and in other countries through the many travelling fellowships and travel grants offered each year. The company website features stories from grant and travelling fellowship recipients. A range of free educational materials is also created, such as Highlights and Classic Articles booklets, which provide an easily understood summary of the important breakthroughs described in full research articles for the benefit of school students and interested general readers.

With Disease Models & Mechanisms, the company is helping to bring together academic researchers and

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clinicians as the use of model organisms begins to make real inroads into the study and potential treatment of human diseases. In 2017, the journal published a special collection of articles on neurodegeneration (from models to mechanisms to therapies) and published Editorials on the current challenges and opportunities in cancer research and human tissue models in cancer research. The journal also introduced a series of mini-interviews with the early-career scientists who are generally the first authors on published papers.

Public Benefit

The trustees have considered the Charity Commissions general guidance on public benefit under the Charities Act 2011 and consider that the requirements have been met.

Achievement and performance

Producing journals to a high standard is principally the means by which the company achieves its primary objective.

The company's journals exemplify what can be achieved in terms of scientific quality, production standards and overall value for money. It is hoped that sustaining subscription numbers will allow us to cover the inevitably large expenses associated with maintaining high quality journals.

Trustees continue their policy of returning Open Access fees received on the hybrid journals through discounting of subscription prices, thereby preventing charging both authors and subscribers for the same content. The effectiveness of the model is monitored and adjustments made periodically to ensure there is full repayment to the community.

The company continues to allow librarians to copy articles from the journals free of charge if used for educational purposes. As a further service to the community, all of our journals give authors the option to pay a fee to make their articles immediately Open Access i.e. accessible without subscription under a Creative Commons licence.

The company participates in Stanford University's LOCKSS archive programme and CLOCKSS extended 'dark' archive service, designed to create a free permanent repository of published material in the unlikely event that, at some point in the future, the company is unable to carry out its publication responsibilities.

With the growing interest in science communication through social networking, the company has continued to expand its outputs, having Twitter feeds and Facebook pages for the journals and a Twitter feed for Company news. The Company also runs a community site for developmental biologists called 'The Node' with its own blog, Facebook and Twitter pages. 'The Node' has grown to reflect the

interests of the community by featuring careers, research, resources, scientific meetings, public outreach and has launched community discussion points. The Company's YouTube channel continued to provide access to informative video-style content from the journals as well as highlighting the Company's charitable works through interviews with key scientists and attendees at the Company's Workshops, including a video focusing on early-career attendees.

The Company uses a number of financial and non-financial key performance indicators to monitor performance. Web usage remains high across all the journals. The annual author survey showed a continued satisfaction in all areas including the quality and speed of publication and specifically showed an improvement in the perception of peer review on Development and Journal of Cell Science following the implementation of cross-referee commenting to improve the feedback provided to authors.

Performance against 2016 objectives

During 2017, the Company carried out a full business review assessing and agreeing how the Company should move forward over the next 5 years. Some of the decisions have been incorporated into the Plans for Future Periods within this report.

In addition, the method and process of returning APCs through subscription pricing was scrutinised and the Trustees approved the continuation of the current model.

As part of the development of the 2017 sales and marketing strategy, the Company appointed a number of agents to assist the Commercial Manager grow both subscription and non-subscription income, with their achievements being closely monitored.

During 2017, the Company's journals implemented a number of technology / policy improvements including: cross-referee commenting (Development and Journal of Cell Science) to improve the feedback provided to authors; introduction of format-free submissions, so that authors find the submission experience easier; making the citation data for our journals freely accessible; introducing play-in-place movies so that important video-based data can be viewed in the context of the scientific article; and putting plans in place for continuous publication to speed up article publication.

The Journals

The journal Development published a special issue on organoids (3D organisations of cells that resemble organs) and a special issue 'On growth and form' celebrating 100 years since the publication of ground-breaking research on how forms arise (morphogenesis). In addition to the journal's strong content on stem cells and regeneration, it introduced a specialised section on human development.

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Journal of Cell Science published a special issue on 3D cell biology and introduced a series of mini-interviews with the early-career scientists who are generally the first authors on published papers. In 2017, the journal hosted a meeting on cellular dynamics: membrane-cytoskeleton interface.

Journal of Experimental Biology published a special issue on Evolution of social behaviour and in 2017 hosted a symposium on the biology of fat.

The Company's two fully Open Access journals, Disease Models & Mechanisms and Biology Open, are listed in the Directory of Open Access Journals and are members of the Open Access Scholarly Publishers Association - both organisations required reapplication to avoid membership for journals with potentially 'predatory' approaches.

Biology Open accepts articles that are scientifically sound (and therefore of interest to the community) without being "trendy" or "insightful" with the aim of reducing the 'pain to publish' for authors. It has attracted a significant number of articles, submissions continue to grow and authors confirm that it provides an important service. In 2017, the journal also introduced a series of mini-interviews with the early-career scientists who are generally the first authors on published papers.

The journal will continue to be monitored and will assist in the evaluation of 'author-funded' business models. Concern remains, however, that in the absence of subscription income, author fees may be insufficient to cover the costs of maintaining articles and associated digital material online in perpetuity and to meet future expenses such as novel digital functionality.

Branding

The main aims of the branding are to promote greater understanding of all the Company's activities - journals, meetings and grants, to promote connections between the journals and the Company so that our large author/readership base becomes more familiar with the Company's charitable activities, and to promote connections between the journals themselves, strengthening their perception as a collection.

During 2017, we introduced 'snippets' to the journal websites so that readers of scientific articles are also able to view short pieces of information about grants and the experiences of recipients of charitable funding.

Grants

Grants currently offered by the Company include:

Scientific meeting grants supporting meetings, workshops and conferences in the fields covered by our journals.

Travelling Fellowships aimed at graduate students and post-doctoral researchers wishing to make collaborative visits to other laboratories to learn new techniques.

Disease Models & Mechanisms (DMM) conference travel grants. Offered to early career scientists and independent group leaders and PIs with no independent funding wishing to attend meetings and courses relating to the areas of research covered by DMM.

Small meeting grants to contribute towards the cost of running a small local meeting within the fields of our journals.

The Company also provides funding to biological societies. Three of the societies (British Society for Development Biology, British Society for Cell Biology and the Society for Experimental Biology) use part of the funding to provide travel grants to support early career scientists wishing to attend conferences.

Scientific Workshops

The company again hosted three scientific workshops in 2017, designed to provide leading experts and early career scientists with a stimulating environment for the cross-fertilization of interdisciplinary ideas. The programmes are carefully developed and are intended to champion the novel techniques and innovations that will underpin important scientific advances.

One workshop was followed by a public talk jointly hosted by the Company and the Royal Institution.

The Charity Reserve grants paid during the year amounted to £1,107,269 as set out in the Notes of the accounts. The total of these payments in support of biology since 1982 is £13,014,778.

Financial review

The results for the year and the state of the company's affairs, which the trustees consider satisfactory, are set out in the attached Financial Statements. The company's principal activity during the financial year was that of publishing scientific journals and there was no significant change in this activity during the year.

The surplus on publishing activities before exceptional items and movement on financial instruments amounted to £3,093,212. Gross income on the Charity Reserve amounted to £1,050,132. In furtherance of the company's principal objective, £1,107,785 was allocated to the Grants and Workshop Committees for distribution in 2017. Further details of grants made in excess of £5,000 are given in the Notes to the Financial Statements.

Overall our financial position remains healthy, with reserves readily available to fund future activities.

Investments

The company has wide powers to invest surplus funds at its discretion. The trustees have

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established a Finance and Investments Committee which includes external advisors and makes investment recommendations to the board of trustees. The agreed investment policy is to maximize overall long term return without undue risk by sustained investment in equities with significant exposure to all the main stock markets of the world. This involves purchases of units, chiefly in index-tracking funds that track stock market indices of the US, UK, Europe and, to a lesser extent, Japan, the Far East and other Emerging Markets. Total investment performance is monitored quarterly against benchmarks.

During 2017 continued adjustments were made to the investment portfolio, further increasing diversification and thereby strengthening and protecting the existing portfolio.

The function of the Company's assets is to provide security for its continuing business activities, to provide for the development of future business activities and to provide in perpetuity for the achievement of the company's charitable aims - the general advancement and promotion of research and knowledge and study of biology in all its branches.

In spite of continuing global financial difficulties, the investment climate continued to improve during 2017. As a result, the value of the investments increased from £39,180,954 in 2016 to £45,708,659.

Reserves policy

The trustees review the need for, and the appropriate level of, reserves on an annual basis, taking into account all relevant information, including the risks identified in the Risk Register.

In defining our reserves policy, we have considered the level of available reserves that it is appropriate to hold in order to demonstrate appropriate financial management and financial sustainability.

A General Fund is retained to provide sufficient resources to enable the company to continue to fund its publishing activities and to fund the development of new projects. For the year ended December 2017 the General Fund stands at £21,182,201. It also retains a designated Charity Reserve to provide the income necessary to make grants in support of biology. The balance on this reserve stands at £29,717,077.

The trustees are satisfied that the company's assets are available and adequate to fulfil the objectives of the Company.

Plans for future periods

The Company plans to continue all the activities outlined above in the forthcoming year.

More specifically, the Company plans to implement the following during 2018:

- Full compliance with the GDPR (General Data Protection Regulation) by 25 May deadline.
- Develop and launch software to manage the grant application process and back office functions, providing an efficient seamless experience for both applicants and reviewers.
- Review the company's strategy for charitable spending and explore opportunities for new collaborations.
- Develop and launch a new preprint service for the community, allowing researchers faster access to the new data emerging through (pre-publication) preprints.
- Appoint early career scientists as ambassadors to ensure the company and journals are engaged with our future authors, editors, peer reviewers and readers.

Structure, Governance and Management

The Company of Biologists Limited is a charity registered in England and Wales and was incorporated by guarantee on 31 December 1952. It has no share capital and the liability of each member is limited to £10. The company's governance document, the Articles of Association, was updated and replaced on 21 July 2017.

All trustees give their time freely and receive no remuneration. Details of the trustees expenses and related party transactions are disclosed in Notes to the accounts.

Appointment of trustees

The Chairperson is elected by the members of the company. The appointment is for five years, with a maximum of two re-appointment terms of three years.

New trustees are appointed by the trustees after a process of selection with the trustees being mindful of any shortfall in knowledge or experience within its ranks.

Trustees induction and training

New trustees receive, on appointment, a link to the company's online Board Operations Manual which provides access to all key governance documents, the annual financial accounts, terms of reference for the Board and its sub committees and the risk register, together with links to documents on the Charity Commission and Companies House websites. In addition, trustees are encouraged to attend external training courses.

Trustees are also encouraged to visit the company's premises to gain an understanding of how the business operates and meet with management and

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staff. This also gives trustees an opportunity to discuss the company's business plan and objectives with senior management.

At appointment, trustees are required to sign a confidentiality agreement and register any applicable conflicts to the conflict register. This document is reviewed at the beginning of all trustee meetings.

Management and organisation

The board of trustees are responsible for the overall strategy and direction of the company and meet quarterly.

The trustees have established a number of committees, all of which focus on targeted areas of the business. The terms of reference and membership of these committees are approved by the trustees. Committee membership is not limited to trustees, but may include specialists and staff. The current committees are:

- Finances & Operational Performance Audit Committee
- Grants Committee
- Finance & Investments Committee

During 2017, an independent Chartered Accountant was co-opted onto the Finances & Operational Performance Audit Committee.

Each journal has an advisory group consisting of three trustees who take special responsibility for the journal, advise its Editor-in-Chief and act as a nucleus of an assessment committee.

The trustees have delegated the authority to manage the company to the Company Secretary and Publisher who report on the performance of the company against the strategic and operational plans approved by the trustees.

Scientific content of the journals and editorial policy is the sole responsibility of each journal's Editor-in-Chief. The Editors-in-Chief are not employees of the Company.

Key Management Remuneration

The trustees consider the Company Secretary and Publisher as comprising the key management personnel of the Company, in charge of directing and controlling the Company and running and operating the Company on a day-to-day basis.

Trustees ensure that appropriate benchmarking is in place in order to understand how the salary remuneration of the Company Secretary and Publisher compare to those in similar organisations.

Remuneration of the Company Secretary and Publisher is reviewed on an annual basis simultaneously with the annual staff pay review.

Editors-in-Chief are appointed by the trustees and serve an initial term of 5 years, which may be

extended on expiry. Editors receive an annual stipend for their services.

Risk management

The Company of Biologists Limited has a robust management of risk process, designed to identify and prioritise the risks to the achievement of the company's aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and actions to manage them efficiently and effectively.

Overall responsibility for risk management rests with the trustees. The task of implementing and maintaining the company's risk policy is delegated to senior management.

A Risk Register is maintained by the Company Secretary and any changes reported at each board meeting.

Key controls used by the company to mitigate risk include: formal agenda for all committee and board activity; detailed terms of reference for all committees and working groups; strategic planning, budgeting and management accounting; established organisational structure, clear lines of reporting and clear authorisation levels.

Internal control risks are minimised by implementing procedures for authorisation and monitoring expenditure. In addition, emergency procedures and contingency plans are in place.

The principal risk for the company is a significant downturn in publishing revenue. Changes in financial models and content dissemination continue to threaten the market in which the company operates and its ability to generate sufficient income to continue high quality publication and support the company's other charitable activities. To manage risk, the trustees continue to monitor changes in the market, experimenting with alternative revenue models in an effort to mitigate the impact on revenues.

In addition, the company's US Dollar publishing revenues exceed levels of USD expenditure and, as a result, the company's financial position can be significantly affected by the USD:GBP exchange rate. To manage exposure to this risk, forward exchange contracts are used, reducing uncertainty over future revenues.

Liquidity and cash flow risk is considered minimal, as the majority of the company's income is payable in advance of the related costs.

Reference and administrative information

Registered charity number: 277992
Registered company number: 514735

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Registered office

Bidder Building, Station Road, Histon, Cambridge
CB24 9LF

Auditor

PEM

Salisbury House, Station Road, Cambridge CB1 2LA

Legal advisors

Employment and commercial matters:

Penningtons Manches LLP

Clarendon House, Clarendon Road, Cambridge CB2
8FH

K&L Gates LLP

70 West Madison Street, Suite 3100, Chicago,
Illinois, 60602-4207, USA

Charity and governance matters:

Charles Russell Speechlys LLP

5 Fleet Place, London EC4M 7RD

Bankers

Lloyds TSB Bank plc

Commercial Banking Service Centre, Third Floor,
Black Horse House, Castle Park, Cambridge CB3 0AR

Scottish Widows Bank plc

PO Box 12757, 67 Morrison Street, Edinburgh EH3
8YJ

Close Brothers Treasury

10 Crown Place, London EC2A 4FT

SG Kleinwort Hambros Bank Ltd

5th Floor, 8 St James's Square, London SW1Y 4JU

Barclays Bank

Mortlock House, Station Road, Histon, Cambridge
BCB24 9DE

Investment manager

SG Kleinwort Hambros Bank Ltd

5th Floor, 8 St James's Square, London SW1Y 4JU

Web page

<http://www.biologists.com>

J Briscoe

M Freeman

J A Langdale

L M Macheskey

R D St Johnston

K Storey

Appointed under Article 45(a)

S J Bray

J F Burke

A R Cossins

A Downie

C M Isacke

S H P Maddrell

B S Munro

G E Nilsson

P W J Rigby

P Vyas

A M Wilson

Secretary

K A Richmond

Key management personnel

K A Richmond

Company Secretary

kay.richmond@biologists.com

O C Moulton

Publisher

claire.moulton@biologists.com

Statement of trustees' responsibilities

The trustees (who are also the directors of The Company of Biologists Limited) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and Charity law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and 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 in the Charities Statement of Recommended Practice (SORP).
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material

Directors and trustees

Directors of the Charity are its trustees for the purpose of Charity Law. The trustees and officers serving during the year were as follows:

Appointed under Articles 45(b) and 46

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departures disclosed and explained in the financial statements.

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and to 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware and
- the trustees have taken all steps that they ought to have been taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

The Auditors, PEM, will be proposed for re-appointment at the next Annual General Meeting.

Approved by the board of trustees on 11th May 2018 and signed on its behalf by:



K A Richmond
Company Secretary

Dated: 11th May 2018

Independent Auditor's Report to the Members of the Company of Biologists Limited for the year ended 31 December 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COMPANY OF BIOLOGISTS LIMITED

OPINION

We have audited the financial statements of The Company of Biologists (the 'charity') for the year ended 31 December 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in

accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of the Company of Biologists Limited for the year ended 31 December 2017

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 Trustees' Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remunerations specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees

determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Judith Coplowe (Senior Statutory Auditor)

for and on behalf of
Peters Elworthy & Moore

Chartered Accountants
Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

Date: 5 June 2018

Peters Elworthy & Moore are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

Trustees' Report and Financial Statements for the year ended 31 December 2017

STATEMENT OF FINANCIAL ACTIVITIES (incorporating income and expenditure account)

	notes	General Fund (unrestricted) £	Charity Reserve (unrestricted designated) £	Baker/Godfrey Fund (restricted) £	2017 Total £	2016 £
Income						
Income from:						
Charitable activities	4	7,199,107	-	-	7,199,107	6,432,140
		7,199,107	-	-	7,199,107	6,432,140
Investments	3	-	1,050,132	2,221	1,052,353	1,003,758
		-	1,050,132	2,221	1,052,353	1,003,758
Other	5	8,698	-	-	8,698	12,233
Total Income		7,207,805	1,050,132	2,221	8,260,158	7,448,131
Expenditure on:						
Raising funds						
Investment Manager Fees	6	-	142,061	313	142,374	116,128
Charitable activities						
Scientific & Educational Grants	6	-	1,122,809	-	1,122,809	1,197,198
Scientific workshops	6	-	238,729	-	238,729	190,271
Publishing	6	4,105,895	-	-	4,105,895	3,461,373
Total expenditure		4,105,895	1,503,599	313	5,609,807	4,964,970
Net gains/ (losses) on investments		-	2,903,759	12,101	2,915,860	4,883,436
Net income for the year		3,101,910	2,450,292	14,009	5,566,211	7,366,597
Other recognised gains/ (losses)						
Gains/ (losses) on hedging instruments		58,245	-	-	58,245	(162,702)
Net movement in funds for the year		3,160,155	2,450,292	14,009	5,624,456	7,203,895
Reconciliation of funds:						
Fund balances at 1 January 2017		18,022,046	27,266,785	84,145	45,372,976	38,169,081
Fund Balances at 31 December 2017		21,182,201	29,717,077	98,154	50,997,432	45,372,976

All amounts relate to continuing activities.

There were no recognised gains or losses other than those included above.

The attached notes form part of these Financial Statements.

Trustees' Report and Financial Statements for the year ended 31 December 2017

BALANCE SHEET

Registered no 514735 - Charity no 277992

	notes	2017 £	2017 £	2016 £	2016 £
Fixed Assets					
Tangible assets	13		3,185,521		3,255,336
Investments	14		<u>45,708,659</u>		<u>39,180,954</u>
			48,894,180		42,436,290
Current Assets					
Debtors	15	800,499		734,694	
Cash at bank and in hand		<u>6,280,896</u>		<u>7,567,791</u>	
		<u>7,081,395</u>		<u>8,302,485</u>	
Creditors: amounts falling due within one year					
Journal subscriptions in advance	16	4,287,869		4,366,412	
Author fees in advance	16	117,676		126,553	
Trade creditors		212,209		221,281	
Other creditors	17	311,879		603,217	
Other taxation & social security costs		<u>48,510</u>		<u>48,336</u>	
		<u>4,978,143</u>		<u>5,365,799</u>	
Net current assets			<u>2,103,252</u>		<u>2,936,686</u>
Net Assets	19		<u>50,997,432</u>		<u>45,372,976</u>
The funds of the Charity					
Restricted income funds:					
P Baker & P Godfrey Memorial Funds (restricted)			98,154		84,145
Total restricted funds			<u>98,154</u>		<u>84,145</u>
Unrestricted income funds:					
General Fund (unrestricted)			21,182,201		18,022,046
Charity Reserve (designated)			<u>29,717,077</u>		<u>27,266,785</u>
Total unrestricted funds			<u>50,899,278</u>		<u>45,288,831</u>
Total funds	19		<u>50,997,432</u>		<u>45,372,976</u>

Approved by the Board and authorised for issue on 11 May 2018.

Matthew Freeman
Chairman



The attached notes form part of these Financial Statements.

Trustees' Report and Financial Statements for the year ended 31 December 2017

STATEMENT OF CASH FLOWS

	notes	2017 £	2016 £
Cashflow from operating activities	21	1,263,329	3,022,149
Cashflow from investing activities	21	(3,660,822)	(2,252,212)
Cashflow from financing activities	21	1,052,353	1,003,758
Net (decrease)/ increase in cash and cash equivalents in the year		(1,345,140)	1,773,695
Cash and cash equivalents at 1 January	21	7,567,791	5,956,798
Change in cash and cash equivalents due to exchange rate movements		58,245	(162,702)
Total cash and cash equivalents at 31 December		6,280,896	7,567,791

The attached notes form part of these Financial Statements.

Trustees' Report and Financial Statements for the year ended 31 December 2017

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

These accounts have been prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and with the Statement of Recommended Practice Accounting and Reporting by Charities' FRS 102, together with the reporting requirements of the Companies Act 2006 and the Charities Act 2011.

The Company of Biologists meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

b) Going Concern

The trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the financial statements continue to be prepared on the going concern basis as there are no material uncertainties about the Company's ability to continue to operate.

Trustees review the strategic plans of the Company regularly and income is monitored against budget. In addition, the Company's reserves policy aims to ensure that the Company is not solely dependent on a single year's income.

c) Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds that can only be used for particular restricted purposes within the objects of the charity.

d) Income

Investment income is recognised on a receivable basis, when the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably. This is normally upon notification by our investment managers or our bankers.

Income from charitable activities includes all income from publishing and is recognised as earned (as the related goods or services are provided). Income from journal subscriptions received in advance is deferred and recognised in the period to which it relates. See note 16.

e) Expenditure

Expenditure is recognised when a legal or constructive obligation to make a payment to a third party is established, when it is probable that the payment will be required and that the amount of the expenditure can be measured reliably.

Contractual arrangements are recognised as goods and services are supplied.

Other grant payments are recognised when a constructive obligation arises that results in the payment being unavoidable. (See accounting policy m).

Costs of raising funds are those costs incurred in attracting voluntary income and investment management fees.

Expenditure on charitable activities includes expenditure associated with publishing and includes both the direct costs and support costs relating to these activities.

Support costs include governance costs which are those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Trustees' Report and Financial Statements for the year ended 31 December 2017

NOTES TO THE FINANCIAL STATEMENTS

f) Allocation of support costs

Support costs are those costs which assist the operation of the Charity but are not directly attributable to one particular charitable activity. These costs include administration costs, personnel costs, governance costs, consultancy and finance costs, and have been allocated to activity categories based on staff headcount and use of the resources. For those resources used exclusively by a particular activity, 100% of the cost has been allocated to that category.

g) Irrecoverable VAT

All resources expended are classified under headings that aggregate all costs related to this category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

h) Tangible fixed assets

Tangible fixed assets exceeding £1,000 are capitalised. The assets are stated within the financial statements at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Freehold buildings	2% on cost
Fixture, fittings and equipment	25% on cost
IT equipment	33.33% on cost
Motor vehicles	25% on cost

i) Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value, and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The Statement of Financial Activities includes all gains and losses arising on revaluations and disposals throughout the year. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening carrying value or purchase value when acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised gains and losses on investments are combined in the Statement of Financial Activities.

j) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount repaid net of any trade discounts due.

k) Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening the deposit or similar account.

l) Creditors

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

m) Grants payable

Grants payable are charged in the year when the offer is conveyed to the recipient, except in those cases where the offer is conditional, such grants being recognised at expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not as accrued expenditure.

Trustees' Report and Financial Statements for the year ended 31 December 2017

NOTES TO THE FINANCIAL STATEMENTS

n) Financial instruments

The Company uses various derivative financial instruments to reduce exposure to foreign exchange risks, including forward currency contracts, and consider its derivative financial instruments to be 'hedges' (i.e. an offset of foreign exchange and interest rate risks) when certain criteria are met. Gains and losses on instruments used for hedging are accounted for at the year end. The Company's criteria to qualify for hedge accounting are:

- The instrument must be related to a foreign currency asset or liability that is probable and whose characteristics have been identified;
- It must involve the same currency as the hedged item; and
- It must reduce the risk of foreign currency exchange movements on the Company's operations.

The forward foreign exchange contracts which the Company uses all mature within one month of the end of the financial period.

o) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date.

Transactions in foreign currencies are recorded at the official HM Revenue & Customs rate of exchange rate for the month and any differences are taken to the Statement of Financial Activities.

p) Pensions

The Company operates a defined contribution scheme, the assets of which are held separately from those of the Company. The Company's contributions are written off in the year in which they are incurred.

2 Company status

The charity is a company limited by guarantee. The members of the company are drawn from the current trustees, former trustees, current employees, former employees, current editors and former editors. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

3 Investment Income

		2017		2016
	Charity Reserve	Baker/Godfrey Fund	Charity Reserve	Baker/Godfrey Fund
Income	£	£	£	£
from UK listed investments	759,408	184	772,588	203
from overseas listed investments	231,334	2,037	172,378	1,600
Bank, building society and other interest	59,390	-	56,986	3
	<u>1,050,132</u>	<u>2,221</u>	<u>1,001,952</u>	<u>1,806</u>

4 Analysis of charitable activity income by geographical sectors

	2017	2016
	£	£
Distribution of readership:		
North America	3,241,942	2,614,392
South America	50,249	47,333
Europe	1,198,356	1,104,354
Asia & Pacific	707,643	760,517
Rest of World	529,795	384,894
United Kingdom	467,480	514,633
	<u>6,195,465</u>	<u>5,426,123</u>

Trustees' Report and Financial Statements for the year ended 31 December 2017

NOTES TO THE FINANCIAL STATEMENTS

4 Analysis of charitable activity income by geographical sectors (cont.)	2017 £	2016 £
Analysis of other charitable activity income		
North America	295,186	250,346
South America	-	3,225
Europe	251,136	252,408
Asia & Pacific	116,558	129,428
Rest of World	64,492	53,284
United Kingdom	276,270	317,326
	<u>1,003,642</u>	<u>1,006,017</u>
Charitable activity income	<u>7,199,107</u>	<u>6,432,140</u>

In 2016 all the income from charitable activities was unrestricted.

5 Other income	2017 £	2016 £
Sale of current asset	-	55
Investment recovery	8,698	12,178
	<u>8,698</u>	<u>12,233</u>

An exceptional item in 2008 related to a cash reserve held at Kaupthing, Singer & Friedlander Bank, which was declared insolvent in October 2008. As a result the Company made a provision of £694,564 at that time. Subsequently, from 2009 to date, recoveries totalling £594,975 (2016: £586,277) have been received.

6 Analysis of expenditure on charitable activities

	Scientific & Educational Grants £	Workshops £	Publishing £	2017 Total £	2016 Total £
Grants	958,202	-	-	958,202	1,060,303
Workshop costs	-	149,067	-	149,067	124,878
Publication costs	-	-	774,201	774,201	658,412
Staff costs	104,324	49,507	2,287,798	2,441,629	2,278,245
Support costs	60,283	40,155	1,043,896	1,144,334	727,004
	<u>1,122,809</u>	<u>238,729</u>	<u>4,105,895</u>	<u>5,467,433</u>	<u>4,848,842</u>

Staff costs comprise the salaries of permanent employees, agency staff costs and academic editors' stipends.

In 2016, £258 of the investment manager fees disclosed on the SoFA were attributed to restricted funds.

Trustees' Report and Financial Statements for the year ended 31 December 2017

NOTES TO THE FINANCIAL STATEMENTS

7 Analysis of support costs

		2017 Total £	2016 Total £
Support costs	Basis of allocation		
Depreciation	Pro rata to staff head count, and actual use	117,843	168,189
Administration expenses	Pro rata to staff head count	367,350	(155,243)
Editorial expenses	Allocated to activity of use	362,381	368,528
Sales and Marketing expenses	Allocated to activity of use	203,132	248,367
		<u>1,050,706</u>	<u>629,841</u>
Governance costs			
Company Secretarial costs		56,983	55,152
Trustee meeting costs		21,201	26,862
Trustee insurance costs		2,432	2,429
Audit fees		13,012	12,720
		<u>93,628</u>	<u>97,163</u>
		<u>1,144,334</u>	<u>727,004</u>

Governance costs are allocated evenly to all three charitable activities.

Company Secretarial costs include an allocation of staff costs.

8 Scientific/Educational Grants & COB Scientific Workshops

	No	2017 Charity Reserve £		2017 Baker/ Godfrey Fund £	No	2016 £
The following grants were made during the year:						
Block grant	2	70,000		-	2	70,000
Society Travel Grants	9	167,500		-	11	205,000
Other grants	239	566,294		-	253	614,461
Grants to institutions		<u>803,794</u>		<u>-</u>		<u>889,461</u>
Journal Travelling Fellowships	76	140,754		-	83	156,554
DMM Conference Attendance Grants	29	13,654		-	27	14,288
Grants to individuals		<u>154,408</u>		<u>-</u>		<u>170,842</u>
The Company of Biologists Scientific Workshops	3	149,067		-	3	124,878
		<u>1,107,269</u>		<u>-</u>		<u>1,185,181</u>

Trustees' Report and Financial Statements for the year ended 31 December 2017

NOTES TO THE FINANCIAL STATEMENTS

8 Scientific/Educational Grants & COB Scientific Workshops (cont.)

Grants made in excess of £5,000 include:	Block Grant	Travel & Travelling Fellowships	Other
	£	£	£
British Society of Developmental Biology	35,000	65,000	
British Society of Cell Biology	35,000	65,000	
British Society of Experimental Biology		37,500	
Journal of Experimental Biology		44,235	
Journal of Cell Science		30,011	
Development		34,344	
Disease Models & Mechanisms		32,164	
Disease Models & Mechanisms	Conference Attendance Grants	13,654	
Journal of Experimental Biology	Symposium		30,537
Marine Biological Association of the UK	Microelectrode Techniques for Cell Physiology		27,500
Hellenic Soc. of Biochemistry & Molecular Biology	68th Annual Meeting of the HSBMB		6,000
TReND in Africa, neuroscience school committee	7th TReND school on insect neuroscience and neurogenetics		5,000
Dr Silvia Muñoz-Descalzo	Drosophila in Biomedical Research: Low-cost and profitable		5,000
LS Shashidhara	Biennial meeting of the Indian Society of Developmental Biologists		5,000
Philip Ingham	18th Congress of the International Society of Developmental Biologists		5,000
Jean-Paul Vincent	25th European Drosophila Research Conference		5,000
6th International Bio-Logging Science Symposium	6th International Bio-Logging Science Symposium (BLS6)		5,000
Hungarian Genetical Society (MAGE)	10th European ZebraFish Meeting		5,000
Zebrafish Disease Models Society	10th Zebrafish Disease Models Conference - ZDM10		5,000
Other grants below £5,000			462,257
Total	<u>70,000</u>	<u>321,908</u>	<u>566,294</u>

Where a number of grants have been provided to a single institution to undertake different activities or projects, the individual grant total may not be material, but the total value of the grants to that institution is required to be disclosed. The below information shows the total material value of the grants, and the number of grants which comprise that figure.

	Total grants awarded	
	No	£
European Molecular Biology Organisation (EMBO)	20	41,300
Gordon Research Conferences (GRC)	18	36,000
Marine Biological Association of the UK	2	31,500
University of Cambridge	6	15,500
Francis Crick Institute	5	15,000
The Federation of American Societies for Experimental Biology (FASEB)	6	13,000
University of Oxford	3	10,000
University of Edinburgh	4	9,000
University of Sheffield	3	9,000
Imperial College London	3	8,400
Instituto Gulbenkian de Ciência, Portugal	3	7,500
University College London	2	7,000
European Molecular Biology Laboratory	3	6,000
University of Copenhagen, Denmark	3	5,500

Grants and Workshops are charged to the Statement of Financial Activities when made.

Grants were made in support of meetings, workshops, conferences, summer schools, plenary/keynotes speakers, educational initiatives and prizes for conference presentations by young scientists. Grants were also made via the Company's journals and through the BSCB, BSDB and SEB enabling postgraduate post-doc students to make collaborative visits to other laboratories, attend research conferences and skill-acquiring workshops. Each grant fulfilled reinforces the Company's mission, being the general advancement and promotion of research and the knowledge of study of biology in all its branches.

Trustees' Report and Financial Statements for the year ended 31 December 2017

NOTES TO THE FINANCIAL STATEMENTS

8 Scientific/Educational Grants & COB Scientific Workshops (cont.)

In addition to the above grants detailed, there were 157 grants made of less than £5,000 to institutions around the world in support of Biology. Case studies of how some of these grants have been used can be found on the Company's website: <http://www.biologists.com/storycategory/grant-recipients>.

The Company hosted three Scientific Workshops during 2017. These are run annually and are intended to support cutting edge research in the areas of Cell and Developmental Biology, including disease models and mechanisms, with emphasis on cross-disciplinary interactions and the application of new technologies.

It is hoped the workshops might also serve to provide input for strategic funding decisions by Research Councils and major charities, as well as for Government policy.

The Company continues to increase its charitable giving, and is actively promoting the availability of funding worldwide.

9 Analysis of Staff Costs

	2017 £	2016 £
Staff costs include:		
Salaries	1,747,767	1,641,994
Social Security costs	184,191	173,332
Other pension costs	144,259	130,767
	<u>2,076,217</u>	<u>1,946,093</u>

Editorial stipends	<u>393,474</u>	<u>375,837</u>
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The average number of employees, analysed by function was:	2017	2016
Charity administration	2	1
Charitable activities and publishing	47	44
Management and administration of the charity	2	2
	<u>51</u>	<u>47</u>

Emoluments including taxable benefits in kind was as follows:

No of employees earning £60,001 to £70,000	1	0
No of employees earning £80,001 to £90,000	0	2
No of employees earning £90,001 to £100,000	2	0

The Key Management of the Charity comprise the Trustees, the Company Secretary and the Publisher.

The Trustees were not paid or received any other benefit from employment during the year, or the preceding year.

	2017 £	2016 £
During the year total emoluments paid to Key Management were:		
Staff costs	183,888	179,274
Social Security costs	22,612	22,499
Pension costs	17,516	17,020
	<u>224,016</u>	<u>218,793</u>

Trustees' Report and Financial Statements for the year ended 31 December 2017

NOTES TO THE FINANCIAL STATEMENTS

10 Trustees' Remuneration

The Articles of Association do not permit trustees to be employed by the Company. However, expenses totalling £9,529 were reimbursed/ incurred by the Charity on behalf of 16 trustees.

	No	2017 £	2016 £
Travel and subsistence	16	9,529	14,468

11 Related Party Transactions

Trustees were associated with the following organisations during the year:

Director	Relationship	Organisation
Bray, S	Member	BSDB, EMBO, Cambridge University, Biochemical Society, SDB (USA)
Briscoe, J	Member	BSDB, EMBO, The Francis Crick Institute, MRC
Burke, J	Member	ASCB, BSCB, BSDB, SEB and Biochemical Society
Cossins, A	Member	SEB, University of Liverpool
Downie, A	IT Manager	Cambridge University
Freeman, M	Member	BSDB and EMBO
Freeman, M	Head of Research Group	University of Oxford
Isacke, C M	Member	BSCB, CRUK, Institute of Cancer Research, AACR
Langdale, J	Member	EMBO, SEB
Langdale, J	Lab Leader	University of Oxford
Machesky, L	Member	EMBO, ASCB, BSCB, Biochemical Society, CRUK
Munro, B S	Member	ASCB, BSCB, EMBO, AAAS
Munro, B S	Group Leader	Medical Research Council
Nilsson, G	Member	SEB
Rigby, P	Member	EMBO, BSDB
St Johnston, D	Member	BSDB, EMBO
St Johnston, D	Chairman	Wellcome/CRC UK Gurdon Institute, Cambridge University
Storey, K	Member	BSDB, BSCB, EMBO
Storey, K	Department Head	University of Dundee
Vyas, P	Group Leader	University of Oxford
Wilson, A	Member	SEB

The Company provided support to the British Society for Cell Biology (BSCB) for £100,000 (2016: £120,000); the British Society for Developmental Biology (BSDB) for £100,000 (2016: £120,000); the Society of Experimental Biology (SEB) for £37,500 (2016: £35,000); European Molecular Biology Organisation (EMBO) for £41,300 (2016: £24,000); Cambridge University for £15,500 (2016: £6,500); Oxford University for £10,000 (2016: £9,500); The Francis Crick Institute for £15,000 (2016: £3,300); MRC for £4,000 (2016: £3,000) and the American Society of Cell Biology (ASCB) for £3,000 (2016: £6,000).

12 Net income/ (expenditure) for the year is stated after charging:

	2017 £	2016 £
a) Foreign currency gains (losses)	52,728	519,840
b) Depreciation	117,843	168,189
c) Trustee indemnity insurance	2,432	2,429
d) Auditors' remuneration		
Audit services	13,012	12,720
Other services	5,151	3,842
	18,163	16,562

Trustees' Report and Financial Statements for the year ended 31 December 2017

NOTES TO THE FINANCIAL STATEMENTS

13 Tangible fixed assets	Freehold Land & Buildings £	Fixtures, fittings & equipment £	Motor Vehicles £	Total £
Cost at beginning of year	3,293,636	293,549	1,995	3,589,180
Additions at cost	21,225	26,057	2,695	49,977
Disposals at cost	-	(4,780)	(1,995)	(6,775)
Cost at end of year	<u>3,314,861</u>	<u>314,826</u>	<u>2,695</u>	<u>3,632,382</u>
Accumulated depreciation at beginning of year	131,012	202,034	798	333,844
On disposal	-	(3,818)	(1,008)	(4,826)
Charged in year	65,922	51,430	491	117,843
Accumulated depreciated at end of year	<u>196,934</u>	<u>249,646</u>	<u>281</u>	<u>446,861</u>
Net book value at end of year	<u>3,117,927</u>	<u>65,180</u>	<u>2,414</u>	<u>3,185,521</u>
Net book value at beginning of year	<u>3,162,624</u>	<u>91,515</u>	<u>1,197</u>	<u>3,255,336</u>

Tangible fixed assets are all used for the purposes of journal production.

14 Investments	UK Listed £	Overseas Listed £	Other £	Total £
Market value at beginning of year	25,450,345	11,292,884	2,437,725	39,180,954
Additions at cost	2,333,653	4,448,008	-	6,781,661
Disposal at opening book value	(2,186,672)	-	(967,667)	(3,154,339)
Net unrealised gain/ (loss)	1,966,837	1,231,722	(298,176)	2,900,383
Market value at end of year	<u>27,564,163</u>	<u>16,972,614</u>	<u>1,171,882</u>	<u>45,708,659</u>
Actual cost at year end	<u>22,648,241</u>	<u>11,549,522</u>	<u>1,037,781</u>	<u>35,235,544</u>

The Company has wide powers to invest surplus funds at its discretion. The Trustees have established a Finance and Investments Committee which includes external advisors and makes investment recommendations to the Board of Trustees. The agreed investment policy is to maximize overall long term return without undue risk by sustained investment in equities with significant exposure to all the main stock markets of the world. This involves purchases of units, chiefly in index-tracking funds that track stock market indices of the US, UK, Europe and, to a lesser extent, Japan, the Far East and other Emerging Markets. Total investment performance is monitored quarterly against benchmarks.

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The main form of financial risk in relation to investments is the volatility of the equity markets and investment markets due to worldwide economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

The Charity manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges.

Trustees' Report and Financial Statements for the year ended 31 December 2017

NOTES TO THE FINANCIAL STATEMENTS

15 Debtors	2017 £	2016 £
Due within one year		
Trade debtors	250,925	281,631
Other debtors	390,460	276,980
Prepayments	159,114	176,083
	<u>800,499</u>	<u>734,694</u>

16 Deferred income

Deferred income relates to journal subscription received in advance of the start of the subscription year (1 January 2018) and author fees received in advance of articles being published.

	£
Deferred income at 1 January 2017	4,492,965
Amount released to income earned from charitable activities	(4,492,965)
Amount deferred in year	4,405,545
Deferred income at 31 December 2017	<u>4,405,545</u>

17 Other creditors

Included within other creditors is £246,953 (2016: £288,488) of grants which were committed at the year end, and which will be paid within one year.

	£
Movement in funding commitments during the year	
Grant commitments recognised at the start of the year	288,488
New grant commitments charged to the SoFA in year	922,659
Grants paid during the year	(964,194)
Amount of grant commitments recognised as at 31 December 2017	<u>246,953</u>

18 Financial instruments	2017 £	2016 £
Financial Assets		
Financial assets measured at fair value through profit or loss	52,040,726	46,748,745
Financial assets that are debt instruments measured at amortised cost	590,214	558,611
	<u>52,630,940</u>	<u>47,307,356</u>
Financial Liabilities		
Financial liabilities measured at fair value through profit or loss	-	(195,210)
Financial liabilities measured at amortised cost	(524,088)	(629,288)
	<u>(524,088)</u>	<u>(824,498)</u>

Financial assets measured at fair value through profit or loss comprise investments, cash and gains on derivative hedging instruments.

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at fair value through profit or loss comprise liabilities on derivative hedging instruments

Financial Liabilities measured at amortised cost comprise trade creditors, grants committed, accruals and other creditors excluding amounts owed to employees

Trustees' Report and Financial Statements for the year ended 31 December 2017

NOTES TO THE FINANCIAL STATEMENTS

19 Analysis of Net Assets Between Funds	General Fund (Unrestricted) £	Charity Reserve (Designated) £	Baker/Godfrey Funds (Restricted) £	Total Funds £
Fund balances at 31 December 2017 are represented by:				
Tangible fixed assets	3,185,521	-	-	3,185,521
Investments	-	45,613,081	95,578	45,708,659
Current assets	7,078,819	-	2,576	7,081,395
Current liabilities	(4,731,190)	(246,953)	-	(4,978,143)
Internal balance	15,649,051	(15,649,051)	-	-
Total Net Assets	<u>21,182,201</u>	<u>29,717,077</u>	<u>98,154</u>	<u>50,997,432</u>

Summary of fund movements

	Fund balances brought forward £	Income £	Expenditure £	Gains and losses £	Fund balances carried forward £
General Fund	18,022,046	7,207,805	(4,105,895)	58,245	21,182,201
Designated fund	27,266,785	1,050,132	(1,503,599)	2,903,759	29,717,077
Restricted Funds	84,145	2,221	(313)	12,101	98,154
Total Funds	<u>45,372,976</u>	<u>8,260,158</u>	<u>(5,609,807)</u>	<u>2,974,105</u>	<u>50,997,432</u>

2016:	General Fund (Unrestricted) £	Charity Reserve (Designated) £	Baker/Godfrey Funds (Restricted) £	Total Funds £
Fund balances at 31 December 2016 were represented by:				
Tangible fixed assets	3,255,336	-	-	3,255,336
Investments	-	39,099,514	81,440	39,180,954
Current assets	8,299,780	-	2,705	8,302,485
Current liabilities	(5,077,311)	(288,488)	-	(5,365,799)
Internal balance	11,544,241	(11,544,241)	-	-
Total Net Assets	<u>18,022,046</u>	<u>27,266,785</u>	<u>84,145</u>	<u>45,372,976</u>

Summary of fund movements

	Fund balances brought forward £	Income £	Expenditure £	Gains and losses £	Fund balances carried forward £
General Fund	15,201,748	6,444,373	(3,461,373)	(162,702)	18,022,046
Designated fund	22,898,629	1,001,952	(1,503,339)	4,869,543	27,266,785
Restricted Funds	68,704	1,806	(258)	13,893	84,145
Total Funds	<u>38,169,081</u>	<u>7,448,131</u>	<u>(4,964,970)</u>	<u>4,720,734</u>	<u>45,372,976</u>

The General Fund comprises retained surpluses on journal production.

The Charity Reserve comprises a designated fund, established by the Company for the support of biological science. The general fund makes available to the charity reserve the Company's investments and cash and other deposit accounts, the income from which is credited to this fund each year. Expenditure from the fund comprises scientific and educational grants and scientific workshops.

The Peter Baker Memorial Fund and Philip Godfrey Fund are restricted funds established to support biological research.

Trustees' Report and Financial Statements for the year ended 31 December 2017

NOTES TO THE FINANCIAL STATEMENTS

20 Pension Costs

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension costs charge represents contributions payable by the Company to the fund and amounted to £144,259 (2016 £130,767). Contributions of £16,197 were due to the fund at the year end (2016 £13,095).

21 Notes to the Statement of Cash Flows	Note	2017 £	2016 £
a) Reconciliation of net income to net cash flow from operating activities			
Net income for year	SOFA	5,566,211	7,366,597
		<u>5,566,211</u>	<u>7,366,597</u>
Depreciation	13	117,843	168,189
Loss/ (Profit) on sale of tangible fixed assets		949	3,733
Change in debtors	BALANCE SHEET	(65,805)	(266,768)
Change in current assets	BALANCE SHEET	-	640,000
Change in creditors	BALANCE SHEET	(300,236)	138,366
Change in income in advance	16	(87,420)	859,226
(Gains)/ losses on investments	SOFA	(2,915,860)	(4,883,436)
Dividends and interest from investments	SOFA	(1,052,353)	(1,003,758)
Net cash provided by operating activities		<u>1,263,329</u>	<u>3,022,149</u>
b) Cash flows from investing activities			
Payments to acquire tangible fixed assets	13	(49,977)	(53,368)
Payments to acquire investments	14	(6,781,661)	(7,268,310)
Receipts from sale of tangible fixed assets		1,000	-
Receipts from sale of investments		3,169,816	5,069,466
		<u>(3,660,822)</u>	<u>(2,252,212)</u>
c) Cash flows from financing activities			
Interest received	3	59,390	56,989
Investment income received	3	992,963	946,769
		<u>1,052,353</u>	<u>1,003,758</u>
d) Analysis of changes in net funds			
	At 1 Jan 17 £	Cash flow £	At 31 Dec 17 £
Cash and bank	7,567,791	(1,286,895)	6,280,896
Total cash and cash equivalents	<u>7,567,791</u>	<u>(1,286,895)</u>	<u>6,280,896</u>