

Registered number: 03565643
Charity number: 1072117

THE FEDERATION OF EUROPEAN MICROBIOLOGICAL SOCIETIES
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

THE FEDERATION OF EUROPEAN MICROBIOLOGICAL SOCIETIES
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2018

Trustees

Dr S Donadio, Secretary General
Dr B Oudega, President
Dr C R Harwood, Treasurer
Dr J Anné, Grants Secretary
Dr H Lappin-Scott, Vice President
Professor A Sibirny (appointed 1 January 2018)
Dr V Taleski (appointed 1 January 2018)
Professor P M Bavoil, Publications Manager (appointed 1 January 2018)

Company registered number

03565643

Charity registered number

1072117

Registered office

Money Penny House, Western Gateway, Wrexham, LL13 7ZB

Chief executive officer

Dr C Cotton (resigned 31 December 2018)
M J Harvey (appointed interim 1 November 2018)

Independent auditors

Peters Elworthy & Moore, Salisbury House, Station Road, Cambridge, CB1 2LA

Bankers

National Westminster Bank PLC, 13 Market Place, Reading, Berkshire, RG1 2EP, United Kingdom

ABN - AMRO, Martinus Nijhofflaan 1, Postbus 300, 2600 AU Delft, The Netherlands

Investment Managers

Brewin Dolphin Securities Limited, 12 Smithfield Street, London, EC1A 9BD, United Kingdom

Central Office

Delftechpark 37a, 2628 XJ Delft, The Netherlands

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Trustees of the charity (who are also Directors of the Company for the purposes of the Companies Act), present their annual report including the audited financial statements of The Federation of European Microbiological Societies (the Company) (also referred to in the document as FEMS) for the year ending 31 December 2018. The Trustees confirm that the Annual Trustees' Report, including the financial statements of the Company, comply with the current statutory requirements, the Company's governing document and the provisions of the Statement of Recommended Practice (SORP). The SORP is applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Since the Company 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

Policies, objectives and activities

The objectives for which the Company is established are the advancement and promotion of scientific knowledge, research and educational excellence in the science of microbiology. FEMS achieves this by encouraging and facilitating joint activities and communication amongst microbiologists, by supporting Early Career Scientists, scientific meetings and laboratory courses, as well as publishing internationally respected academic journals. Our objectives and activities are underpinned by our 5-year strategic framework policy, published in 2014, which has six priorities:

- **Supporting microbiology research**
- **Supporting microbiology education, training and Continuing Professional Development (CPD)**
- **Translating microbiology research and knowledge into policy**
- **Translating microbiology research and knowledge into economic and social impact**
- **Raising public awareness**
- **Internationalising European microbiology**

Social investment

FEMS represents a growing coalition of 54 Member Societies from 38 countries. It is an active and diverse network of over 30,000 professionals who are committed to advancing microbiology for the benefit of society and the environment in the key areas of health, water, energy, food, materials and waste. Many of those professionals are Early Career Scientists. Others include established scientists, policy makers, campaigners and business partners.

ACHIEVEMENTS AND PERFORMANCE

Review of activities – delivering strategy

FEMS delivers a range of activities through:

- **Publications** - publishing five scientific journals, showcasing the best research carried out by the international community of microbiologists
- **Events** – organizing the Congress of European Microbiologists and supporting scientific meetings and laboratory courses across Europe
- **Grants and Awards** - supporting Early Career Scientists and meeting organizers to attend, organize and pursue research and training opportunities, as well as promoting academic excellence

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- **Projects** - supporting network building activities such as the European Academy of Microbiology and other specialist networks
- **Communications** – highlighting the best in scientific and academic study through an expanding social media network
- **Business Administration** – supporting and building the capacity and visibility of our Member Societies

In reviewing FEMS aims and objectives, and in planning future activities, the Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit. More information on our activities can also be found in our Annual Report which is available on the FEMS website.

Publications

FEMS journals provide an important service to society and the microbiological research community, through the provision of internationally recognised and peer-reviewed science, as demonstrated by their high levels of usage and global sales figures.

FEMS supports the publication of microbiological research through 5 internationally recognised scientific journals which are published in collaboration with Oxford University Press.

	Subject area (World of Science (WoS))	Impact Factor	Ranking in 'microbiology' (WoS /126)	Ranking in other subject areas (WoS)	Ranking in other subject areas (WoS)
<i>FEMS Microbiology Reviews</i>	<i>microbiology</i>	11.392	7th	-	-
<i>FEMS Microbiology Ecology</i>	<i>microbiology</i>	3.495	42nd	-	-
<i>FEMS Pathogens and Disease</i>	<i>microbiology; infectious diseases; immunology</i>	2.337	72nd	53/88 (<i>infectious diseases</i>)	108/155 (<i>immunology</i>)
<i>FEMS Yeast Research</i>	<i>microbiology; biotechnology & applied microbiology; mycology</i>	2.609	62nd	63/161 (<i>bio- technology & applied microbiology</i>)	14/29 (<i>mycology</i>)
<i>FEMS Microbiology Letters</i>	<i>microbiology</i>	1.735	92nd	-	-

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Activities

- Publication of 16 Thematic Issues, 8 Virtual Special Issues and 4 Thematic Series - showing higher download rates compared to regular articles (see the full list below). The increase in download rates has been assisted by FEMS marketing programme for its content, through social media, regular 'top article' sections within FEMS newsletters and via OUP's marketing of FEMS content within its Oxford Journals Collection and Archive.
- The introduction of Journal Social Media Editors – these volunteers are assigned to each Journal to help promote content via social media.
- Introduction of a Cloud based proofing system via PXE to all Journals - expanding the range of services/value of publishing with FEMS.
- The introduction of new FEMS Journal Grants – see Grants section for more details.
- Publication projects such as the ALAM translation project – an initiative to translate FEMS articles into Portuguese and Spanish by a volunteer team, to make FEMS content more accessible to Latin American microbiologists. Journal articles were gathered into two Virtual Special Issues which were promoted by FEMS/OUP in the run up to the Asociación Latinoamericana de Microbiología 2018 in Chile.
- Review into Publication Governance – a review of the structure and management of FEMS Journals to develop the Journal portfolio to meet the future challenges faced by academic publications in the future (particularly around Open Access). The review was conducted by an industry consultant which resulted in the creation of the FEMS Publications Committee to better shape and drive FEMS Journal development.
- Open Access within the FEMS journal portfolio – significant work done this year with external consultants being used to develop plans for FEMS to prepare for the swift rise in Open Access, accelerated by Plan S.

FEMS Publications Committee

Building on the recommendations of the Publications Working Group, the FEMS Publication Committee (FPC) was formed in November 2018 to face the challenges of a rapidly evolving publishing landscape. The FPC is chaired by the Director of Research & Publications, and includes the Editor in Chiefs of each journal, the Managing Journal Editor and representative from Oxford University Press. A representative from an industry consultant is currently invited to join each meeting to share their industry knowledge. Its aim is to continuously review, discuss and optimize the FEMS portfolio of publications, including the move to Open Access Publishing.

Highlights

- **Over 3.5 million downloads of FEMS Journal content** – representing an increase of **36% compared to 2017**.
- **Visits with Content Engagement (specifically measuring visits to article content) of 2,057,604** – an increase of 18% on 2017.
- **Journals with international reach** - In 2018, our authors – from **139** countries were supported by a network **148** international Editors and **2040** reviewers.
- **Targeted promotion results** – the intense marketing for ALAM VSI's for example, saw article downloads increase by **89%** for the first VSI compared to the Journals average downloads for 2018. The second virtual issue saw downloads increase by **39%** following the launch of the collections.

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Table of special issues (with download results as % v average downloads figures for each Journals)

					
	FEMS Microbiology Reviews	FEMS Pathogens and Disease	FEMS Microbiology Ecology	FEMS Microbiology Letters	FEMS Yeast Research
Thematic Issues	Archaea (+58%)*	Eurobiofilms (Joint TI with EC) (+142%)* Molecular Effectors of TB Pathogenesis (+442%)* Bacterial Toxins (+79%)*	Anaerobic Dehalogenation (+76%)* Polar & Alpine Microbiology (+93%)* Eurobiofilms (Joint TI with PAD) (+134%)* Environmental Dimension of Antibiotic Resistance (+266%)*	Climate Change (+427%)* Pseudomonas (part two) (+282%)* Bacterial Protein Secretion (+332%)* New Insights Into the Nitrogen Cycle (+59%)* Industrial Microbiology (+295%)* Secreted and Signalling RNAs of Bacteria (+95%)*	Yeast Ageing and Cell Death (+417%)* Susan Lindquist (+58%)*
Virtual Special Issue's	FEMS Microbiology Ecology - Ecology of Soils (+28%)* FEMS Microbiology Ecology - Sponge Microbiome (+28%)* World Antibiotic Awareness ALAM Translated Abstracts (x2 VSI's) Microbiology in Actions II: FEMS and Member Societies Six Key Topics in Microbiology 2018 MiniReviews				
Thematic Series	Microbial Symbioses Big Data Approaches for Industrial Microorganisms Scientometrics: Mapping Microbiology Scholarly Communications in the Digital Age				

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Events

FEMS Events ensure that the organization develops relationships across all microbiological disciplines and sectors – academic, policy, business, education, communications and recreational – by helping ‘put the right people in the same room’.

In 2003 we launched our popular biennial Congress, which now attracts over 2,000 participants from around 90 countries across the world. Supporting this is a range of meetings which FEMS sponsors each year, ensuring our Member Societies can increase the impact of the events they organize.

Activities

FEMS2019 Congress

- Full scientific programme, speaker list, including the FEMS-Lwoff Awardee, developed – the Congress programme is developed via the FEMS Programme committee and FEMS2019 co-hosts, The Society for Applied Microbiology, SfAM.
- Long term advertising and promotion programme expanded for FEMS2019 Congress in Glasgow – this now encompasses advertising across relevant journals, websites, all FEMS newsletters and on FEMS social media. 13 major microbiological events this year were issued with FEMS2019 details and a further 17 were attended by FEMS, OUP or our meeting organizer to actively promote the event. This increased visibility within the microbiological community is reflected in the increased interest received from sponsors and exhibitors.

Highlights

FEMS2019 Congress

- **Our first ever set of Gold sponsors (sponsors paying €12,500) and over 29 exhibitors have already signed up to exhibit** – FEMS2017 in total had 4 sponsors and 19 exhibitors.
- High open rate for Congress newsletters (on average 37%) – with a high level of interest in USA, Spain, Japan and the UK.

FEMS Sponsored Meetings

- **42 conferences, congresses and workshops were held with support from FEMS grants in 2018**, from the *4th Congress of Baltic Microbiologists* in Poland to the *Bacterial electron transfer processes and their regulation* meeting held in Saint-Tropez, France to the XXI Spanish Food Microbiology Congress in Tarragona, Spain.
- Together these events allowed more than **137 invited speakers, 524 Early Career Scientists** and many of our Member Societies to meet, discuss and develop their work across **23 countries**.

FEMS Grants

FEMS Grants provide funding aimed at supporting scientists in the early stages of their career and longer-term projects that enable our Member Societies and their members to organise impactful events.

The FEMS grants programme forms the cornerstone of many of our charitable activities. It provides support for early career scientists to visit institutions in other European countries and attend events, all with the aim of sharing research developments and encouraging career development. Our grants also contribute to our growing network of experts, early career scientists, business partners and science communicators. Anyone who is a member of a FEMS Member Society is eligible to apply for one of our grants. Our current grants programme includes:

Meeting Organizer Grants (see FEMS Sponsored meetings)

Supporting selected meetings within the European area, including scientific conferences, laboratory workshops and a range of training courses. A minimum of 60% of each total grant value must be used to support the attendance of Early Career Scientists.

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Meeting Attendance Grants

Supporting early career scientists with the costs of attending scientific meetings or other professional development events.

Research and Training Grants

Funding research visits or training opportunities, by an Early Career Scientist to a host institution within Europe. This enables them to build their professional networks while picking up vital techniques, skills and expertise.

40 editors from the FEMS journals also waived their fee in order to contribute to additional funding for these grants. Titled, **FEMS Journals Grant** they provide an additional funding to further support professional development of early career scientists.

FEMS Congress Attendance Grants (biennial)

Like our Meeting Attendance grants, these biennial grants support early career scientists with the costs of attending the FEMS Congress.

Activities

- Introduction of a new automated Grants system - producing template emails and toolkits leading to a reduction in the administration of the application process.
- Development of a new Alumni newsletter – this is for all grantee's who have applied to FEMS, to keep them informed of developments at FEMS and to encourage continued engagement with FEMS.
- Consulting the community – 2019 will see the community asked to comment on the amount and type of grant FEMS provides, to ensure they continue to reflect the needs of the Microbiological Community.

Highlights

- **768 alumni added to distribution list for the alumni bulletin**
- Cost for members (1.40 euros) outweighed by **average member receipt of grants (22 euros)**

2018 Committed Grants Summary

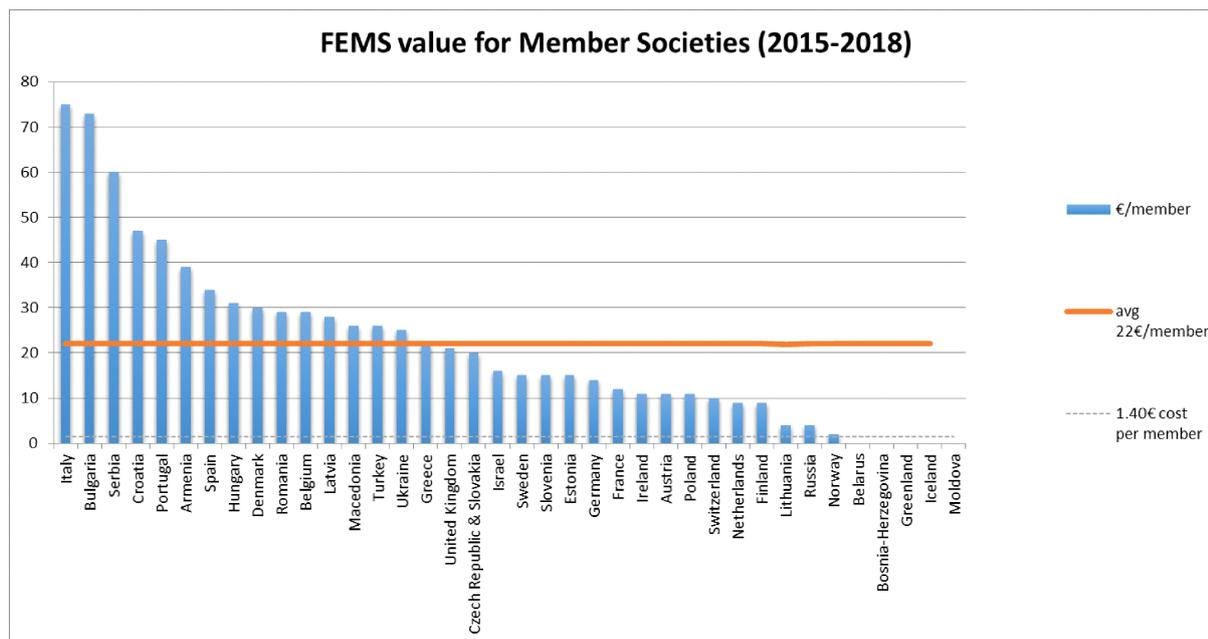
	Number awarded	Value awarded*(€)	Number disbursed	Value disbursed (€)	Supporting
Meeting Organizer Grants	38	166,000	38	165,714	524 Early Career Scientists 137 speakers 23 countries
Meeting Attendance Grants	30	12,800	27	11,550	16 countries
Research & Training Grants	54	158,680	49	138,380	21 countries
FEMS Congress Attendance Grants	0	0	0	0	N/A – non-Congress year
Total	122	€337,480	102	€315,644	

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*Awarded figures may differ from those disbursed, as claims may not be claimed in part or in full.

The graph below demonstrates the average value per member society of 22 EUR at a cost of 1.40 EUR per members member.



FEMS Awards

FEMS recognises both new talent and established researchers through our programme of awards.

Two of these are joint awards with partner organisations, which are reciprocal awards with the American Society for Microbiology (ASM) and European Society of Clinical Microbiology and Infectious Diseases (ESCMID) respectively. The full current list includes:

FEMS Lwoff Award

In honour of our first President (1974-1976) Professor André M Lwoff, the FEMS Lwoff Award is awarded in FEMS Congress years to a person, or group of persons, for outstanding service to microbiology.

FEMS Jensen Award

The award honours Dr Hans Laurits Jensen for his efforts in helping young scientists establish their scientific careers and is awarded in FEMS Congress years to early career scientists showing the potential to develop an outstanding career.

FEMS-ASM Mäkelä-Cassell Award

This allows a member from each organisation to attend the other's main conference and is designed to benefit early career scientists by giving them the opportunity to present their work overseas and experience the best of microbiology in the partner country.

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FEMS-ESCMID Award

All FEMS Research and Training Grantees in a given year are considered for the FEMS-ESCMID Award, that recognises outstanding research potential.

FEMS Special Merit Award

Initiated in 2003 to recognise individuals who have made a special contribution to furthering the Federation's goals, the award is periodically awarded to honour extraordinary services rendered to FEMS.

FEMS Journals Poster Awards

A series of poster prizes, awarded at specialist international meetings related to our journal content, these awards have been established to recognize budding talent and are run by our Editors-in-Chief.

FEMS Microbiology Letters & OUP MiniReview Award

In recognition of the importance of detailed and creative syntheses in both multidisciplinary research and the knowledge development process, FEMS and OUP have teamed up to offer an award to the best minireview accepted by FEMS Microbiology Letters.

Activities

- Awards linked into wider FEMS activities - the Lwoff award nomination process, for example, was brought forward by a year and combined with a proactive communication's campaign (linked in with the Microbiology Heroes feature and FEMS Congress). The Award received 8 nominations and gave FEMS the chance to help cross-promote multiple activities. Further work will see the Awards process more fully integrated within the FEMS marketing programme.
- Future development will see a review into the value, amount and type of awards FEMS provides, to ensure they reflect the needs of the Microbiological Community.

Highlights

Award Summary	Who	Value awarded (€)
Lwoff	-	N/A – awarded in Congress years only
Jensen	-	N/A – awarded in Congress year
Special Merit	-	N/A – discretionary award
FEMS-ASM Mäkela-Cassell Award	Mohd Zulkifli Salleh	€2,000
FEMS-ESCMID Award	Dr Diana Gutiérrez	€1,000
FEMS Journals Poster Awards	Jing Zhao, Yingxin Li, Sam Hickman, Vasiliki Kachrimanidou, Amaru Indigo Miranda San Martin Djurhuus, Moshe Shemesh, Ella Thoen, Jana Taeumer	€1,250
FEMS Microbiology Letters & OUP MiniReview Award	Gregory S. Gavelis and Gillian H. Gile	€1000

The total awards above amount to €5,250.

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Communications

Communications underpins and is reflected in all FEMS activities, helping to promote the best of microbiology, from within the Community, to the world using FEMS growing body of followers and subscribers.

Activities

- Development of Modular Communications and an expansion in social media output – we have expanded contact with the community through the introduction and regularisation of newsletters and the introduction of new Education bulletins and FEMS alumni newsletters.
- Review of Communications – which has led to a refreshing of FEMS Branding guidelines
- Expanded resources and a more networked communication, introducing the volunteer groups like FEMS Journals social media editors and the Opportunities Board taskforce
- Further integration into wider FEMS activities – updating and improving communications procedures to better promote grant, awards and FEMS Publications.

Highlights

- **Increasing average website visits** – to over 13,000 visits on average per month, a **44% increase compared to 2017**
- **Well-read FEMS newsletters** - newsletters such as Get Involved (aimed at volunteers and interns) have **tripled their subscription rate from 2017**. Newsletters with a longer history such as the Affiliates Letter decreased their subscription rate due to a dip after GDPR was introduced, but rates are recovering, and average open rates have increased.
- **Growth of social media followers – 3,280 new followers in 2018** (from 10,032 to 13,303 between December 2017 to December 2018).

Projects

A key service that FEMS provides is in supporting the microbiology community to work better together. FEMS looks to create an environment where the producers, curators and users of microbiological knowledge can better do their collective work.

Activities

- Re-launch of the Opportunities Board – this provides FEMS and the wider microbiological community a space online to advertise events, jobs and projects. In 2018, FEMS began working with our volunteers to help populate the Board, integrating its promotion into its social media marketing to drive traffic to individual opportunities on the website.
- Policy/Funding – With a view to exploring the potential for FEMS to contribute to EU-Policy development and implementation, FEMS remains active with EU-JAMRAI and commissioned a detailed review of EU policy network. This formed part of a gathering intelligence exercise to develop in 2019 what areas we can contribute to in EU policy development and funding initiatives.
- Interns – from TU Delft and Imperial College, London provided research capacity to develop recommendations for improvements to the design of the Opportunities Board, the FEMS website and how FEMS can better interact with EU policy
- AMR/One Health – volunteer taskforce established to push the Fighting AMR campaign.

Highlights

- **Opportunities' Board visited more than 119, 000 times in 2018** – making it one of the most visited sections of the FEMS website. The number of Member Societies involved in posting opportunities has expanded to include the Spanish, Danish and German societies (with dual language postings for opportunities from the Spanish Society).

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Business Administration

Through the development of collaborative projects, the co-hosting of our Congresses and improved intelligence-gathering, we are better able to understand the needs of our Members and develop means to assist them in delivering their remit to the microbiological community.

FEMS delivers this through the build-up of its own infrastructure, as well as providing support and guidance to help internationalize the results of Member Society initiatives.

Activities

- Establishment of new routes for Member Societies to seek support from FEMS – via the project support proposals section of the website. FEMS now offers support to Societies to help promote and communicate their activities, to work better with volunteers and provide advice on volunteer management. Submitted proposals for support are reviewed by the Board to see which are then incorporated into the FEMS delivery programme.
- Internationalising Member Society projects – two such projects in 2018 were for the EURO MOOC, developed by the Spanish Society for Microbiology (SEM) as the world's first Massive Online Open Course (MOOC) via Twitter on microbiology. Another example of this was International Micro-organism Day (IMD). In both, FEMS assisted the Societies in identifying possible participating organizations as well as active promotion across our media channels before, during and after the events.
- Development of CRM and Web 2.0 – consultancy work undertaken to review areas of possible improvements to allow FEMS to provide more tools to help assist and support our Members. Initial work in 2018 has seen the development of a Council webspace for delegates to access Council documentation, for example.

Highlights

- EURO MOOC – delivered 21 microbiology lessons on twitter for 7 weeks. It delivered 738 tweets, 439 images, 74 videos and 340 hyperlinks. The number of unique users who saw posts containing #EUROmicroMOOC was **3,041,388**, with **FEMS supporting the expansion of awareness of the event to beyond Spanish speaking societies.**
- IMD 2018 – Europe wide initiative, with **10 Member Societies developing activities** in the run up to the event itself. FEMS supported social media marketing of the event which saw over **1300 tweets** posted during the event week.

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FINANCIAL REVIEW

Results for the year

The organizations full results for the year are set out in detail in the statement of financial activities.

The journal income increased in 2018 to €2,618,337 (2017 €2,481,794) due to an increased result in publications, and despite a lower year end exchange rate.

The total value of funds held at the end of the year were €11,074,527 (2017 €10,503,072).

Of this a proportion of funds is held as:

Restricted funds

€87,187 is secured as a restricted fund:

The Jensen award (initiated by J R Norris) was set up, through the generosity of J R Norris, to enable the Federation to support an outstanding researcher to work for at least 6 months in a laboratory of their choice. It is the intention that grants will be given at intervals which allow generation of sufficient capital to make the award worthwhile, while preserving initial capital. An award (€5,000) was made at the Congress 2009 held in Gothenburg. An award (€2,500) was made in 2013. The fund balance is invested as part of FEMS' investment portfolio and a transfer has been made to the fund representing its share of the total return on the investment portfolio for 2012, 2013, 2014, 2015, 2016, 2017 and 2018. We have appointed dedicated staff to oversee our Awards programme and the Jensen Award will continue to be managed in that context in the coming year.

Designated funds

€399,688 is held as designated funds:

Emergency Congress Support Fund of €70,000: FEMS Congresses of European Microbiologists are an extension of its activities in support of microbiology in Europe. They are financially self-sufficient. The Emergency Congress Support Fund has been set up to ensure that unexpected costs can be met.

Congress Attendance Support Fund of €61,710: FEMS is committed to supporting young scientists to the extent that financial resources permit. The Congress Attendance Support Fund has been set up to provide grants to young scientists in order to enable them to attend the biennial "FEMS Congress of European Scientists."

EAM Reserve Fund of €41,900: One of the goals of FEMS has been to amplify the impact of microbiology and microbiologists in Europe. For this purpose, it was important to establish a group of leading European microbiologists who are able to work in close association with FEMS. The European Academy of Microbiology was established to promote excellence in microbiology in Europe through targeted programmes and activities. The EAM fund currently supports this group.

IT Upgrade Fund of €50,000: This fund has been established to fund upgrades and development to the FEMS IT infrastructure.

Publications Strategic Development Fund of €24,184: This fund has been set up in support of FEMS' future publishing activities.

Strategic Development Fund of €151,894: This fund has been set up to support the development and expansion of FEMS future activities and initiatives, as defined in its statutes.

From 2019, FEMS aims to conduct a review of the contingency fund structure, with a view to amalgamating the individual funds into one contingency fund.

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Principal risks and uncertainties

The Trustees have assessed the major risks to which the company is exposed, those related to the operations and finances of the company and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

There are two major areas of risk for the Federation; a fall in the value of investments and a substantial decline in the income from publication activity.

Regarding a fall in the value of investments, our reserves are considered to be at a sufficiently high level to be able to cope with any foreseeable falls in the value of our investments.

Regarding the risk of a decline in the income from publication activity, FEMS is aware of the potential threats of Open Access publishing, Open Science, philanthropically funded Journals, and other changes in STM publishing which pose a threat to the sustainability of the revenues currently generated by the FEMS journals, and which underpin all of our activities. In 2012, the Trustees undertook a comprehensive consultation process, and, together with the FEMS Council, agreed on actions to ensure that the 5 journals continue to maintain their position as key microbiology journals in Europe. Key outcomes of this review were the change in management structure of the Federation, with the aim to increase the in-house expertise in the key areas of its activities and to ensure the professional management of both these and FEMS staff. FEMS is also aware of the threat of currency exchange variations, especially considering the move to Oxford University Press, which currently pays royalties in Sterling. Since expenditure is primarily in Euros, care is taken to set a conservative exchange rate during the budgeting exercise so as to accommodate most normal exchange rate variations.

The 2012 business review revealed that the journals have not been performing as required and, given the uncertainty around academic publishing in general, it will take some years to stabilise this with any certainty. For the moment it is important that we have sufficient surplus to run and develop the organisation as planned should we face a sudden drop in journal revenue —assuming a period of 3-5 years required to offset these losses through alternative means. In the meantime, we are diversifying our current income generation —in the first instance extending this to our Congress and other events. Our major expenditures relate to the staff, services and materials required to deliver our charitable activities, and these are likely to increase as our activities expand and adjust to address the changing needs of our membership.

A reduction in income would have significant impact on future development plans as well as on existing operations. As such, it is critical that we have sufficient reserves to support the organisation while it addresses structural issues relating, in particular to the portfolio of FEMS journals.

Reserves policy

It is the policy of Council to maintain sufficient funds to meet its objectives and obligations on an ongoing basis. A possible future threat to its main source of income, namely that from its Journal business, is the rapidly changing publications' market, such as the movement from a subscription base towards Open Access. Other threats include uncertainty in the financial markets, financial austerity and global economy. While measures are being taken to develop the FEMS publishing strategy and to develop initiatives to provide additional sources of income, the Board of Trustees considers it judicious to maintain a relatively high level of unrestricted general reserves to cover both capital requirements and recurring and non-recurring expenditure. FEMS has total funds of €11,074,527, consisting of:

Restricted Funds €87,187:

- o FEMS-Jensen Fund, a bequest from Professor John Norris for the support of Early Career Scientists and microbiologists in particular.

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Designated funds €399,688:

- o The Emergency Congress Fund (€70,000) established to cover any shortfall in revenue from the biennial Congress. This fund will be terminated in 2019 and any shortfall covered by a budgeted contingency fund.
- o The Congress Attendance Support Fund (€61,710) provides financial support for early career scientists to attend to the biennial Congress. This fund will be terminated in 2019 and incorporated into the Grants and Awards budget for 2020.
- o The EAM Reserve Fund (€41,900) provides the European Academy of Microbiology with the resources it requires to maintain its activities. This fund will be terminated in 2019 and incorporated into the Projects' budget for 2020.
- o The IT Upgrade Fund (€50,000) provides the necessary resources to upgrade the FEMS ageing IT infrastructure. This fund will be terminated in 2019 and future upgrades incorporated into the Business Administration budget.
- o The Publications Strategic Development Fund (€24,184) will be incorporated into the Strategic Development Fund (€151,894) in 2019 and used as a source of fund to facilitate a rapid response to challenges to the FEMS publications business. The uncertainty in the Publication Market associated with Open Access and the so-called "Plan S" mean that this fund will be maintained for the foreseeable future, but reviewed on an annual basis.

Fixed assets €7,453:

- o Computers and other office equipment

Unrestricted Reserves €10,580,199:

The Federation considers it necessary to maintain a level of reserves capable of maintaining its charitable activities for at least 4 years (approximately €10,000,000). The underlying principles with regard to the levels of the unrestricted reserves held are:

- o to distribute as much of its resources as possible in furthering the charitable aims of the Federation with regards to uncertainties about its current revenue streams and the need to maintain its existing charitable activities;
- o to ensure that the Federation's investment policy provides the best possible capital and income gain within a medium risk category;
- o to ensure that, in the unlikely event of a catastrophic failure of the Federation, the company could close down its operation and meet all outstanding debts and demands on the resources in an orderly manner;
- o to take a prudent approach to the use of its reserves so as to allow the Federation to continue to further its charitable aims in the face of a rapid decline in income.

The Federation is already planning expenditure to develop additional income streams that will ultimately either compensate for, or augment, existing income streams.

Principal funding

FEMS does not actively fundraise or seek donations from the public. The charitable activities of FEMS are primarily funded by:

1. Royalties from publishing five scientific journals. The royalties make up 88% of the company's income which, in turn, is used as much as possible in the pursuit of its charitable activities (vide supra).
2. Capital gains from the company's investment portfolio. This income depends on the overall performance of the portfolio. To date it has been in line with major indices.
3. Membership fees paid by its member societies. The annual fee is kept at a rather modest level enabling all societies to become members of FEMS or to maintain their membership regardless of the exchange rate of national currencies to the Euro.

THE FEDERATION OF EUROPEAN MICROBIOLOGICAL SOCIETIES
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

Material investments policy

Article 25.5 in the Federation's Articles of Association states that the Company's powers of investment, for the purpose of achieving its charitable objectives, shall not be limited by the Trustee Investments Act 1961. This statute has been approved by the Charity Commissioners.

Performance of investments

At the end of 2018 the investment portfolio value stood at €9,524,956 (2017 €10,242,891).

FEMS' investment portfolio is held in London using the services of a Stockbroker. The portfolio's Investment Objectives are to generate an Income and Growth return with a Diversified Risk. The portfolio is a conservative one consisting of a mixture of UK and overseas equities, UK government stocks, unit trusts, property, commodities and cash, carefully blended to generate income and long-term capital growth. The portfolio is managed on a discretionary basis with its content and performance monitored by the Treasurer. The investments are held in Pound Sterling and therefore the valuation is dependent on the current exchange rate.

PLANS FOR FUTURE PERIODS

Strategic Framework 2015-2019

In 2015, with the aim of professionalising and improving FEMS and its activities, the FEMS Board of Trustees developed and published a five-year (2015-2019) strategic framework around six strategic pillars. To date FEMS has led in developments around:

- professionalising staff and systems to better facilitate the delivery of these pillars
- continuing to improve existing activities through greater cross-working/promotion and standardisation of decision making, processes and evaluation
- identifying potential areas for further streamlining
- building and developing relationships with our membership

Delivery on strategy

We are currently in the second phase of our programme of change focusing largely on:

- updating our systems and processes for improved planning, reporting, budgeting and execution
- addressing governance matters that will better facilitate organisation development required to deliver effectively on the strategic pillars
- building up our capability and effectiveness with respect to cross-working, joining up FEMS activities to ensure they deliver maximum impact to each individual activity
- exploring new ways we can help support our membership, deliver greater impact for their own activities, using FEMS strengths to help internationalize projects

Strategic Framework 2020-2024

2024 will mark the end of our next 5-year strategy as well as FEMS 50th Anniversary. To develop a new 5-year strategy, in 2018 FEMS canvassed the Community through our annual Council, to seek their views on what the microbiology community would like to say it has achieved within that half century and what FEMS should do to support that. The first consultation focused on the future of scholarly publication, with further consultations planned for future years. Through this we aim to develop our key framework for 2020-2024 to ensure that the FEMS of 2024 addresses the concerns of the community.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Statutes

The Company is registered as a charitable company limited by guarantee and is governed by its Articles of Association (revised and accepted by Council in 2017). In accordance with the Federation's Articles of Association (Article 34), each of its Members has undertaken to contribute to it a sum not exceeding £1 in the event of its being wound up while they are members, or within one year after they cease to be members.

Method of appointment or election of Trustees

The governance of the Company is the responsibility of the Board of Trustees whose members are elected and co-opted under the terms of the Articles of Association. Its day-to-day management is delegated to the Chief Executive since the creation of the position in 2014. The Chief Executive is appointed by the Board of Trustees.

Organisational structure and decision making

The Federation's Members are scholarly societies and other associations with a predominant interest in microbiology, based across Europe and beyond. Each such Member Society has the right to nominate one Delegate to the Council of the Federation. The Council, meeting annually, elects a Board of Trustees who lead the organizational strategy and governance of the Company. The Trustees in turn recruit the Chief Executive to conduct the Federation's day to day business according to the statutes of the Company. The Chief Executive appointed in 2014 resigned in October 2018 and the board of Trustees has appointed an interim Managing Director.

General Data Protection Regulation (GDPR)

The Trustees have an obligation and responsibility to understand the regulations and ensure FEMS is compliant with GDPR Regulations. GDPR has been added as a permanent item on the critical risk register which is reviewed annually.

Activities

- Created a GDPR taskforce to work on the regulations across the spectrum of FEMS activities
- Registered FEMS with the UK Information Commissioner's Office (requirement)
- Completed an audit of current data and access rights
- Updating privacy handling policy (available online)
- Developed and maintain a GDPR register of issues which require addressing across FEMS activities
- Mapped out data flows to ensure GDPR compliance with all information received
- Affiliates asked to re-register to confirm their consent to be contacted
- Requested confirmations from third party suppliers that their data storage complies with GDPR regulations

Grant funding policies

A Grants Committee, reporting to the Board of Trustees, is tasked with reviewing applications for the various FEMS grants. Applications are judged against strict criteria, the details of which are available on the Federation's website. Grants are subject to final approval by the Federation's Grants Committee and, ultimately, the Board of Trustees.

Applications for the support of meetings may involve direct support grants, young scientist grants, or in some

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

cases, both. The success rate is high, usually around 75%. In the case of young scientists' grants, the meeting organisers manage the allocation of travel grants to applicants.

Applications for research Fellowships usually significantly exceed the funds available and most applications are reduced in value on review. In principle each Member Society can expect to receive a Fellowship for one of its members each year, though in practice some societies do not take up the offer of Fellowships, allowing us to fund more than one award to other countries. For all types of grant a final report is required from the recipient and this is used in promoting their experience and FEMS contribution to the professional development of early career scientists.

Pay policy for senior staff

The Trustees are tasked with leading, governing and overseeing the activities of the charity. All trustees give of their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses and related party transactions are disclosed in the accounts.

The senior management personnel of the charity are tasked with managing FEMS on a day-to-day basis. The pay of the senior staff is reviewed annually and normally increased in accordance with average earnings, with an adjusted weighting of up to 30% for any additional responsibilities. Where recruitment has proven difficult, a market addition may also be paid in accordance with an agreed pay maximum that is in line with benchmarked salaries for comparable roles.

Trustees' responsibilities statement

The Trustees (who are also directors of The Federation of European Microbiological Societies for the purposes of company law) 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 law requires the Trustees to prepare financial statements for each financial year. 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 application of resources, including the 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 SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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 charitable 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 FEDERATION OF EUROPEAN MICROBIOLOGICAL SOCIETIES
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees, on 10 May 2019 and signed on their behalf by:

.....
Dr C R Harwood, Treasurer

THE FEDERATION OF EUROPEAN MICROBIOLOGICAL SOCIETIES
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE FEDERATION OF EUROPEAN
MICROBIOLOGICAL SOCIETIES**

Opinion

We have audited the financial statements of The Federation of European Microbiological Societies (the 'charitable company') for the year ended 31 December 2018 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).

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 2018 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

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE FEDERATION OF EUROPEAN
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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.

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 the financial year 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 the 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

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.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE FEDERATION OF EUROPEAN
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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.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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.

Judith Coplowe (Senior Statutory Auditor)

for and on behalf of

Peters Elworthy & Moore

Chartered Accountants
Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA
15 May 2019

THE FEDERATION OF EUROPEAN MICROBIOLOGICAL SOCIETIES
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STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Unrestricted funds 2018 €	Restricted funds 2018 €	Total funds 2018 €	Total funds 2017 €
INCOME FROM:					
Donations	2	40,797	-	40,797	39,305
Investments	3	285,400	-	285,400	183,960
Charitable activities	4	2,618,337	-	2,618,337	2,525,140
TOTAL INCOME		2,944,534	-	2,944,534	2,748,405
EXPENDITURE ON:					
Raising funds: Investment management fees		38,828	-	38,828	37,576
Charitable activities	5	1,377,599	-	1,377,599	1,302,105
TOTAL EXPENDITURE		1,416,427	-	1,416,427	1,339,681
NET INCOME BEFORE INVESTMENT GAINS/(LOSSES)					
Net (losses)/gains on investments	11	1,528,107 (958,215)	- -	1,528,107 (958,215)	1,408,724 122,615
NET INCOME BEFORE TRANSFERS		569,892	-	569,892	1,531,339
Transfers between Funds	15	5,124	(5,124)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		575,016	(5,124)	569,892	1,531,339
Gains/(losses) on investment cash		1,563	-	1,563	(11,138)
NET MOVEMENT IN FUNDS		576,579	(5,124)	571,455	1,520,201
RECONCILIATION OF FUNDS:					
Total funds brought forward		10,410,761	92,311	10,503,072	8,982,871
TOTAL FUNDS CARRIED FORWARD		10,987,340	87,187	11,074,527	10,503,072

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 25 to 41 form part of these financial statements.

THE FEDERATION OF EUROPEAN MICROBIOLOGICAL SOCIETIES
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REGISTERED NUMBER: 03565643

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	€	2018 €	€	2017 €
FIXED ASSETS					
Tangible assets	10		7,453		4,260
Investments	11		9,524,956		10,242,890
			<u>9,532,409</u>		<u>10,247,150</u>
CURRENT ASSETS					
Debtors	12	707,827		655,213	
Cash at bank and in hand		3,411,441		2,442,202	
		<u>4,119,268</u>		<u>3,097,415</u>	
CREDITORS: amounts falling due within one year	13	(2,577,150)		(2,648,912)	
NET CURRENT ASSETS			<u>1,542,118</u>		<u>448,503</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>11,074,527</u>		<u>10,695,653</u>
CREDITORS: amounts falling due after more than one year	14		-		(192,581)
NET ASSETS			<u>11,074,527</u>		<u>10,503,072</u>
CHARITY FUNDS					
Restricted funds	15		87,187		92,311
Unrestricted funds	15		10,987,340		10,410,761
TOTAL FUNDS			<u>11,074,527</u>		<u>10,503,072</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 10 May 2019 and signed on their behalf, by:

.....
Dr C R Harwood, Treasurer

The notes on pages 25 to 41 form part of these financial statements.

THE FEDERATION OF EUROPEAN MICROBIOLOGICAL SOCIETIES
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €	2017 €
Cash flows from operating activities			
Net cash provided by operating activities	17	<u>929,812</u>	<u>1,040,346</u>
Cash flows from investing activities:			
Dividends and interest from investments		285,400	183,960
Purchase of tangible fixed assets		(7,256)	(4,021)
Net cash transferred to investment portfolio		<u>(240,281)</u>	<u>(2,176,982)</u>
Net cash provided by/(used in) investing activities		<u>37,863</u>	<u>(1,997,043)</u>
Cash flows from financing activities:			
Gains/ (losses) on invested cash due to exchange rates		1,563	(11,138)
Net cash provided by/(used in) financing activities		<u>1,563</u>	<u>(11,138)</u>
Change in cash and cash equivalents in the year		969,238	(967,835)
Cash and cash equivalents brought forward		<u>2,442,203</u>	<u>3,410,038</u>
Cash and cash equivalents carried forward	18	<u><u>3,411,441</u></u>	<u><u>2,442,203</u></u>

The notes on pages 25 to 41 form part of these financial statements.

THE FEDERATION OF EUROPEAN MICROBIOLOGICAL SOCIETIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Federation of European Microbiological Societies 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.

There were no significant estimates or judgments made by management in preparing these financial statements.

1.2 COMPANY STATUS

The company is a company limited by guarantee. The members of the company are the Members Societies. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 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 company 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 which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.4 GOING CONCERN

The Trustees have a reasonable expectation that the charity 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.

THE FEDERATION OF EUROPEAN MICROBIOLOGICAL SOCIETIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

1.5 INCOME

Donations are recognised where the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured with sufficient reliability.

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 journals comprises royalties from the Federation's publisher receivable in the year under review. Subscription income from members is accounted for on a receipts basis in the year in which the income is received.

Income from the Congress is accounted for in the year in which the income is receivable. Income results from any surplus made on the event, managed and provided by an external company.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

1.6 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as 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 accrued as expenditure.

1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

The charity has a policy of not capitalising portable computer equipment or items where the original cost is less than €1,500 and they are fully written off in the year of purchase.

THE FEDERATION OF EUROPEAN MICROBIOLOGICAL SOCIETIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

1.14 PENSIONS

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

1.15 FOREIGN CURRENCIES

The functional currency is Euros. Transactions in overseas currencies during the year under review and balances denominated in such currencies at the balance sheet date have been translated into euros. Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

2. INCOME FROM DONATIONS

	Unrestricted funds 2018 €	Restricted funds 2018 €	Total funds 2018 €	Total funds 2017 €
Membership subscriptions	40,797	-	40,797	39,305
Total 2017	39,305	-	39,305	

3. INVESTMENT INCOME

	Unrestricted funds 2018 €	Restricted funds 2018 €	Total funds 2018 €	Total funds 2017 €
Income from equities	284,392	-	284,392	183,493
Bank interest receivable	1,008	-	1,008	467
	285,400	-	285,400	183,960
Total 2017	183,960	-	183,960	

THE FEDERATION OF EUROPEAN MICROBIOLOGICAL SOCIETIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2018 €	Restricted funds 2018 €	Total funds 2018 €	Total funds 2017 €
Income from journals	2,618,337	-	2,618,337	2,481,794
Congress income	-	-	-	43,346
	<u>2,618,337</u>	<u>-</u>	<u>2,618,337</u>	<u>2,525,140</u>
Total 2017	<u>2,525,140</u>	<u>-</u>	<u>2,525,140</u>	

5. ANALYSIS OF CHARITABLE EXPENDITURE BY ACTIVITIES

	Direct costs €	Grant costs €	Support costs €	2018 €	2017 €
Publications	207,229	-	162,934	370,163	289,048
Events	49,577	-	37,705	87,282	173,209
Grants and awards	59,120	320,394	161,156	540,670	502,909
Projects	50,876	-	42,424	93,300	92,857
Business Administration	62,629	-	134,635	197,264	135,769
Communications	60,841	-	28,079	88,920	108,313
Total	<u>490,272</u>	<u>320,394</u>	<u>566,933</u>	<u>1,377,599</u>	<u>1,302,105</u>
Total 2017	<u>449,815</u>	<u>409,659</u>	<u>442,631</u>	<u>1,302,105</u>	

The analysis of expenditure between activities has been amended this year to more accurately reflect the core objectives/activities of the charity.

THE FEDERATION OF EUROPEAN MICROBIOLOGICAL SOCIETIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

6. ANALYSIS OF GRANTS AND AWARDS

	Grants to Institutions 2018 €	Grants to Individuals 2018 €	Total 2018 €	Total 2017 €
Grants	140,880	179,514	320,394	409,659
Total 2017	243,155	166,504	409,659	

During 2018, 37 meeting support grants were dispersed ranging from €1,000 to €10,000 and 30 meeting attendance grants were dispersed ranging from €250 to €600. 49 research fellowships were dispersed to institutions ranging from €1,000 to €4,000, 3 joint fellowships were dispersed for €3,000 in total and other Awards (Poster, Letter and MiniReview) for €2,250.

For comparison, in 2017, 24 meeting support grants were dispersed ranging from €1,000 to €12,000 and 30 meeting attendance grants were dispersed ranging from €250 to €600. 49 research fellowships were dispersed ranging from €1,400 to €4,000, 1 joint fellowship was dispersed for €1,000 and 1 Lwoff Award for €1,000.

ANALYSIS OF GRANTS AND AWARDS

Sub-Header	2018 €	2017 €
Grants Payable		
Meetings and workshops - support grants	179,264	182,359
Meeting grants credited to expenditure in respect of grants made in earlier years	(2,000)	(15,855)
FEMS Fellowships	138,380	144,700
FEMS / ESCMID/ASM Joint Fellowship	3,000	1,000
National and regional Congress grants	-	96,455
Other grants and awards	2,250	1,000
Sub total	320,894	409,659
Less refunds	(500)	-
Total	320,394	409,659

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

7. SUPPORT COSTS

	Office €	Governance €	Finance €	Personnel €	System €	2018 €	2017 €
Publications	18,436	21,025	21,848	81,302	20,323	162,934	140,212
Events	4,347	4,957	5,152	18,457	4,792	37,705	71,245
Grants and Awards	26,928	30,710	31,912	41,922	29,684	161,156	36,847
Projects	4,647	5,299	5,507	21,849	5,122	42,424	45,132
Business Administration	9,825	11,205	11,643	91,132	10,830	134,635	107,453
Communications	4,430	5,050	5,248	8,469	4,882	28,079	41,742
Total	68,613	78,246	81,310	263,131	75,633	566,933	442,631

Included in governance costs is €9,035 (2017 - €8,872) relating to auditors' remuneration.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	2017
	€	€
Depreciation of tangible fixed assets:		
- owned by the charity	4,063	3,309
Foreign exchange (gain) / loss	1,347	(30,927)
Auditors' remuneration - audit	7,800	7,653
Auditors' remuneration - other services	1,950	1,917
	<u><u> </u></u>	<u><u> </u></u>

THE FEDERATION OF EUROPEAN MICROBIOLOGICAL SOCIETIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

9. STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

Staff costs were as follows:

	2018	2017
	€	€
Dutch staff remuneration	470,486	463,840
Dutch staff social security costs	67,154	69,702
Dutch staff pension costs	42,005	47,754
	579,645	581,296

The above includes a settlement payment of €50,000 which was accrued in the year for the Chief Executive Officer who resigned on 31 December 2018.

The average number of persons employed by the company during the year was as follows:

	2018	2017
	No.	No.
Publications and administration	9	10

The number of higher paid employees was:

	2018	2017
	No.	No.
In the band €90,001 - €100,000	0	1
In the band €160,001 - €170,000	1	0

The key management personnel of the charity comprise the Trustees and the Chief Executive Officer until 31 December 2018 and interim Chief Executive Officer from 1 November 2018. No Trustees are entitled to any emoluments in respect of their services and they did not receive any remuneration or benefits in kind in this or the prior year. The total employee benefits of the key management personnel of the charity were €186,778 (2017 - €115,134). This represents salaries, employers pension contribution and employers social security costs.

8 Trustees received reimbursement of expenses amounting to €16,058 (2017 - 7 Trustees - €17,131). The reimbursed expenses primarily represent travel and subsistence expenses incurred in connection with attendance at FEMS meetings and postage and stationery costs.

THE FEDERATION OF EUROPEAN MICROBIOLOGICAL SOCIETIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. TANGIBLE FIXED ASSETS

	Office equipment €
COST	
At 1 January 2018	40,941
Additions	7,256
At 31 December 2018	48,197
DEPRECIATION	
At 1 January 2018	36,681
Charge for the year	4,063
At 31 December 2018	40,744
NET BOOK VALUE	
At 31 December 2018	7,453
At 31 December 2017	4,260

11. FIXED ASSET INVESTMENTS

	Listed securities €	Cash €	Total €
MARKET VALUE			
At 1 January 2018	10,062,536	180,354	10,242,890
Additions	2,728,159	-	2,728,159
Disposals (proceeds £2,421,475)	(2,434,730)	-	(2,434,730)
Movements in cash	-	(66,403)	(66,403)
Revaluations	(944,960)	-	(944,960)
At 31 December 2018	9,411,005	113,951	9,524,956

THE FEDERATION OF EUROPEAN MICROBIOLOGICAL SOCIETIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. FIXED ASSET INVESTMENTS (continued)

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 significance of financial instruments to the ongoing financial sustainability of the charity is considered in the financial review and investment policy and performance sections of the Trustees' Report.

The main risk to the charity from financial instruments lies in the combination of uncertain investment markets and volatility in yield. Liquidity risk is anticipated to be low as all assets are traded and the commitment to intervention by central banks and market regulators has continued to provide for orderly trading in the markets and so the ability to buy and sell quoted equities and stock is anticipated to continue. The Company's investments are mainly traded in markets with good liquidity and high trading volumes.

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. The charity does not make use of derivatives and similar complex financial instruments as it takes the view that investments are held for their longer term yield total return and historic studies of quoted financial instruments have shown that volatility in any particular 5 year period will normally be corrected.

12. DEBTORS

	2018	2017
	€	€
Trade debtors	667,556	549,351
Other debtors	40,271	105,862
	<u>707,827</u>	<u>655,213</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	€	€
Trade creditors	22,216	1,494
Other taxation and social security	372,057	356,691
Grants payable	76,481	244,055
Deferred income	1,990,553	1,940,032
Accruals	115,843	106,640
	<u>2,577,150</u>	<u>2,648,912</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

Monies were received in advance for the journal production contract which commenced with Oxford University Press from 1 January 2015. This income has been deferred and is being released over the period to which the services relate.

	€
DEFERRED INCOME	
Deferred income at 1 January 2018	2,132,613
Deferred income arising in the year	1,830,645
Amounts released from previous years	(1,972,705)
	1,990,553
Deferred income at 31 December 2018	1,990,553

RECONCILIATION OF GRANT MOVEMENTS

	2018	2017
	€	€
Creditors brought forward	244,066	169,850
Commitments made in year	320,394	409,659
Grants paid	(487,979)	(335,454)
	76,481	244,055
Grants carried forward (note 13)	76,481	244,055

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017
	€	€
Deferred income	-	192,581
	-	192,581

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

15. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 January 2018 €	Income €	Expenditure €	Transfers in/out €	Gains/ (Losses) €	Balance at 31 December 2018 €
DESIGNATED FUNDS						
Emergency congress support fund	70,000	-	-	-	-	70,000
Congress attendance support fund	61,710	-	-	-	-	61,710
EAM reserve	41,900	-	-	-	-	41,900
IT upgrade	50,000	-	-	-	-	50,000
Publications strategic development	24,184	-	-	-	-	24,184
Strategic development	156,173	-	-	(4,279)	-	151,894
	<u>403,967</u>	<u>-</u>	<u>-</u>	<u>(4,279)</u>	<u>-</u>	<u>399,688</u>
GENERAL FUNDS						
General Fund	10,006,794	2,944,534	(1,416,427)	9,403	(956,652)	10,587,652
Total unrestricted funds	<u>10,410,761</u>	<u>2,944,534</u>	<u>(1,416,427)</u>	<u>5,124</u>	<u>(956,652)</u>	<u>10,987,340</u>
RESTRICTED FUNDS						
Restricted fund - Jensen award	92,311	-	-	(5,124)	-	87,187
Total of funds	<u><u>10,503,072</u></u>	<u><u>2,944,534</u></u>	<u><u>(1,416,427)</u></u>	<u><u>-</u></u>	<u><u>(956,652)</u></u>	<u><u>11,074,527</u></u>

THE FEDERATION OF EUROPEAN MICROBIOLOGICAL SOCIETIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

15. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 January 2017 €	Income €	Expenditure €	Transfers in/out €	Gains/ (Losses) €	Balance at 31 December 2017 €
DESIGNATED FUNDS						
Emergency congress support fund	70,000	-	-	-	-	70,000
Congress attendance support fund	81,710	-	-	(20,000)	-	61,710
EAM reserve	41,900	-	-	-	-	41,900
IT upgrade	50,000	-	-	-	-	50,000
Publications strategic development	24,184	-	-	-	-	24,184
Strategic development	160,000	-	-	(3,827)	-	156,173
	<u>427,794</u>	<u>-</u>	<u>-</u>	<u>(23,827)</u>	<u>-</u>	<u>403,967</u>
GENERAL FUNDS						
General Fund	8,469,287	2,748,405	(1,339,681)	17,306	111,477	10,006,794
Total Unrestricted funds	<u>8,897,081</u>	<u>2,748,405</u>	<u>(1,339,681)</u>	<u>(6,521)</u>	<u>111,477</u>	<u>10,410,761</u>
RESTRICTED FUNDS						
Restricted fund - Jensen award	85,790	-	-	6,521	-	92,311
Total of funds	<u><u>8,982,871</u></u>	<u><u>2,748,405</u></u>	<u><u>(1,339,681)</u></u>	<u><u>-</u></u>	<u><u>111,477</u></u>	<u><u>10,503,072</u></u>

Designated Funds

Emergency Congress Support Fund

FEMS Congresses of European Microbiologists are an extension of its activities in support of microbiology in Europe. They are financially self-sufficient. The Emergency Congress Support Fund has been set up to ensure that unexpected costs can be met.

Congress Attendance Support Fund

FEMS is committed to supporting young scientists to the extent that financial resources permit. The Congress Attendance Support Fund has been set up to provide grants to young scientists in order to enable them to attend the biennial "FEMS Congress of European Scientists".

EAM Reserve Fund

One of the goals of FEMS has been to amplify the impact of microbiology and microbiologists in Europe.

THE FEDERATION OF EUROPEAN MICROBIOLOGICAL SOCIETIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

15. STATEMENT OF FUNDS (continued)

For this purpose, it was important to establish a group of leading European microbiologists that is able to work in close association with FEMS. The European Academy of Microbiology was established to promote excellence in microbiology in Europe through targeted programmes and activities. The EAM fund currently supports this group.

IT Upgrade Fund

This fund has been established to fund upgrades and development to the FEMS IT infrastructure.

Publications Strategic Development Fund

This fund has been set up in support of FEMS' future publishing activities.

Strategic Development Fund

This fund has been set up to support the development and expansion of FEMS future activities and initiatives, as defined in its statutes.

Restricted Funds

Jensen Fund

The Jensen award (initiated by J R Norris) was set up, through the generosity of J R Norris, to enable the Federation to support an outstanding researcher to work for at least 6 months in a laboratory of their choice. It is the intention that grants will be given at intervals which allow generation of sufficient capital to make the award worthwhile, while preserving initial capital. An award (€5,000) was made at the Congress 2009 held in Gothenburg. An award (€2,500) was made in 2013. The fund balance is invested as part of FEMS' investment portfolio and a transfer has been made to the fund representing its share of the total return on the investment portfolio for 2012, 2013, 2014, 2015, 2016, 2017 and 2018. We have appointed dedicated staff to oversee our Awards programme and the Jensen Award will continue to be managed in that context in the coming year.

The transfer from designated to unrestricted funds represents expenditure during the year which meets the purpose of the designated fund, but has been allocated to general funds.

The transfer to restricted fund is the allocation of the investment gains in the year to this fund.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2018 €	Restricted funds 2018 €	Total funds 2018 €
Tangible fixed assets	7,453	-	7,453
Fixed asset investments	9,437,769	87,187	9,524,956
Current assets	4,119,268	-	4,119,268
Creditors due within one year	(2,577,150)	-	(2,577,150)
	<u>10,987,340</u>	<u>87,187</u>	<u>11,074,527</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 €	Restricted funds 2017 €	Total funds 2017 €
Tangible fixed assets	4,260	-	4,260
Fixed asset investments	10,150,579	92,311	10,242,890
Current assets	3,097,415	-	3,097,415
Creditors due within one year	(2,648,912)	-	(2,648,912)
Creditors due in more than one year	(192,581)	-	(192,581)
	<u>10,410,761</u>	<u>92,311</u>	<u>10,503,072</u>

17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 €	2017 €
Net income for the year (as per Statement of Financial Activities)	569,892	1,531,339
Adjustment for:		
Depreciation charges	4,063	3,309
Net losses/(gains) on investments	958,215	(122,615)
Dividends and interest from investments	(285,400)	(183,960)
(Increase)/decrease in debtors	(52,614)	5,988
Decrease in creditors	(264,344)	(193,715)
Net cash provided by operating activities	<u>929,812</u>	<u>1,040,346</u>

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 €	2017 €
Cash in bank and in hand	3,411,441	2,442,203
Total	<u>3,411,441</u>	<u>2,442,203</u>

19. PENSION COMMITMENTS

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The pension cost charge represents contributions payable by the charity to the fund and amounted to €42,005 (2017 - €47,754).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

19. PENSION COMMITMENTS (continued)

Contributions totaling €1,240 (2017 - €1,734) were payable to the fund at the balance sheet date and are included in creditors.

20. OPERATING LEASE COMMITMENTS

At 31 December 2018 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2018	2017
	€	€
AMOUNTS PAYABLE:		
Within 1 year	-	7,125
	<u> </u>	<u> </u>

21. OTHER FINANCIAL COMMITMENTS

The charity has given guarantees in the normal course of business amounting to €32,462 (2017 - €32,462).

22. RELATED PARTY TRANSACTIONS

There were no transactions with related parties during the year.

23. CONTROLLING PARTY

The charitable company is under the control of the Trustees. No one trustee has individual control.