

REGISTRAR OF COMPANIES

British Society of Gastroenterology

Annual Report and Financial Statements

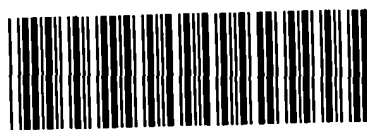
31 December 2017

Charity Registration Number 1149074

Company Limited by Guarantee

Registration Number 08124892 (England & Wales)

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Reference and administrative details of the Society, its trustees and advisers

Trustees	Professor C Baden-Fuller Mr C Bromfield Mrs S A Dutton Dr J A Eaden (resigned July 2017) Dr C Edwards Professor W S Gleave (appointed September 2017) Mr N Hoile Dr M Hudson (appointed September 2017) Dr S Hughes (resigned July 2017) Mr R P Lanyon Dr D Loft Dr R Logan (appointed September 2017) Professor M Lombard Professor C S J Probert Professor C Rees (resigned July 2017) Dr N Thompson (appointed September 2017)
Chief Executive	Mr R J Gardner
Executive Secretary	Mr J D Hayward
Registered/Principal office	3 St Andrews Place Regent's Park London NW1 4LB
Telephone	020 7935 3150
Facsimile	020 7487 3734
E-mail	enquiries@bsg.org.uk
website	www.bsg.org.uk
Charity registration number	1149074
Company registration number	08124892 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative details of the Society, its trustees and advisers

Solicitors	Druces LLP Salisbury House London Wall London EC2M 5PS
Bankers	National Westminster Bank Plc PO Box 2021 10 Marylebone High Street London W1A 2AS
Investment managers	Investec 2 Gresham Street London EC2V 7QP

Trustees' report 31 December 2017

The Trustees are pleased to present their annual report with the financial statements of the British Society of Gastroenterology (the 'Society' or BSG) and its subsidiary companies BSG Limited and DDF Conference Limited (together the 'Group' or 'consolidated') for the year ended 31 December 2017.

This report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a director's report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 22 to 26 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

Governance, structure and management

The British Society of Gastroenterology is a charitable company limited by guarantee (Company Number 08124892 (England and Wales), Charity Number 1149074). The Memorandum and Articles of Association is BSG's governing document.

The charity controls two subsidiary entities, BSG Limited (Company Number 3021266 (England and Wales)) and DDF Conference Limited (Company Number 07542232 (England and Wales)).

Trustees

Governance is overseen by a Board of Trustees who have responsibility for the identification and management of risks to the Society. The Board of Trustees consists of six independent Trustees, two elected members of Council and five Society officers. It is chaired by the BSG President. The Trustees who served in the year are listed on page 1.

No trustee received any remuneration for services as a member of the Council. Ten trustees were reimbursed expenses totalling £19,341 (2016 - 12 trustees received expenses totalling £15,370) and in the prior year two trustees received a total of £300 for speaking at meetings. All expenses were incurred on Society business. No trustee had any beneficial interest in any contract with the Society whilst serving on the Board.

New Trustees receive an induction pack. This includes the BSG's Memorandum and Articles, last audited annual report and financial statements, Charity Commission guidance on the Responsibilities of charity Trustees, and a copy of *the Good Trustee Guide*, published by the National Council of Voluntary Organisations, for their reference. Trustees are also required to attend training sessions on various topics relevant to trustees' duties and responsibilities.

Governance, structure and management (continued)

Risk management

The Trustees of the Society have overall responsibility for risk management within the Society. An investment sub-committee (consisting of the BSG Treasurer as Chair, two of the Society's independent trustees, the President and the Chief Executive) reviews the financial activities of the Society including investment decisions in order to mitigate the risk of loss of income. This committee reports to the Trustees at each meeting. The Trustees also annually review the Society's formal risk register, implementing mitigation strategies where required.

Key risks identified by the Society are as follows:

- ♦ **Premises** - The Society currently enjoys a favourable lease on its office space, but there is no guarantee that the lease will be renewed on similar terms when it expires in December 2021, nor is it certain that the current office will still be suitable for the BSG's purposes by that date. This presents a risk, given the high cost of business premises in Central London. In order to minimise this risk, the Society is progressively increasing its designated property fund, with a target that the fund should contain 80% of the freehold price of a suitable premises by 2021. Since August 2017, the Society has been conducting a staged options appraisal exercise in order to prepare in good time for the eventuality of its leaving the current premises, and has set aside resources in 2018 to continue this project with specialist guidance.
- ♦ **Failure of Annual Meeting** - The Annual Meeting is the main event in the BSG's calendar. As well as being a major source of revenue, it is key to maintaining and enhancing the reputation of the Society. The risk to the Society should the meeting be cancelled, go ahead without an optimal programme, fail to attract sufficient numbers or sufficient sponsorship, is therefore substantial. The Society minimises these risks principally by an assiduous planning process, led by both staff and appointed officers at the most senior level and project managed by our professional conference organisers, Conference Partners International. The Society also keeps, as part of its free reserves, the sum of £1,000,000 to cover the expenses which would occur should a meeting fail to go ahead or fail to meet the desired expectations of the Society.

Governance, structure and management (continued)

Risk management (continued)

- ♦ **UK IBD Registry** – The Society has since 2012 supported the operation of the UK Inflammatory Bowel Disease Registry (IBDR), a project that aims to support patients with IBD and their clinical teams. The IBDR is recognised as having potential to support major advances in patient care, service quality improvement and research in IBD, but it is both a financial and reputational risk to the Society should it not reach its stated goals. The Society has provided significant financial support to the project to date, and in 2016 set a deadline for it to become operationally self-funding by the end of 2017. This deadline has been met and at present, the Society has invested resources into setting up an independent company which will own and run the IBDR, IBD Registry Limited. The Society is a partner to the new organisation, along with other interested charitable organisations, Crohn's and Colitis UK and the Royal College of Physicians of London. A Transfer Agreement between the Society and IBDR Limited is being finalised. This will enable the IBDR to fulfil its aims and develop its business model, while at the same time limiting the risk to the Society in the unlikely event of adverse financial or reputational events.
- ♦ **Data Protection** – The Society has maintained and implemented a strong data protection policy for many years, last updated in 2015. However, with the increasing public interest in the protection of personal data – particularly with reference to the charitable sector, along with the strengthening of law represented by the General Data Protection Regulation, the trustees have identified this as an area of increased risk, and designated additional resources to ensuring staff and officers are sufficiently trained and that administrative and management systems are structured to ensure compliance.

The Council

The professional activities of the Society are directed by a Council consisting of eleven officers and eight elected members. Four key committees – their Chairs are members of Council - carry out the directions of Council and seek decisions from it in accordance with the regulations of the Society. The eight elected Council members are direct representatives of the membership. In addition Council has eleven ex-officio members who represent organisations with similar interests in GI, relating to surgery for example. This is in accordance with the regulations – to encourage collaboration with all those who share the aim of promoting gastroenterology.

New Council members are welcomed officially by the President at their first meeting. Four of the elected members of Council are elected by Council to membership of the Clinical Services and Standards Committee (CSSC) and two to the Education Committee on which they serve until the end of their term of office on Council.

Governance, structure and management (continued)

The Council (continued)

The members of the Council of the BSG are as follows:

Members of Council

Professor M Lombard	(President 2016-2018)
Dr C Edwards	(President-elect 2016-2018)
Dr George Webster	(Vice-President Endoscopy 2017-2019)
DR M Hudson	(Vice President Hepatology 2016-2018)
Dr D Loft	(Treasurer 2013-2018)
Dr N Thompson	(Secretary 2015-2017)
Dr S McPherson	(Secretary 2017-2019)
Professor D Gleeson	(Chair, CSSC 2016-2018)
Dr J Williams	(Chair, Education Committee 2015-2018)
Dr M Brookes	(Chair, Research Committee 2015-2018)
Dr M Lockett	(Chair, Training Committee 2015-2018)
Professor D Sanders	(Elected member 2016-2019)
Dr A F Muller	(Elected member 2017-2020)
Dr P Neild	(Elected member 2016-2019)
Professor C Probert	(Elected member 2015-2018)
Professor Y Mahida	(Elected member 2016-2019)
Dr M Pritchard	(Elected member 2017-2020)
Dr R Logan	(Elected member 2016-2019)
Dr L Morris	(Chair, Trainee Section 2017-2018)
Ms L Dwyer	(Chair, BSG Nurses Association)

Ex-officio members

Professor E El-Omar	(Editor, GUT)
Dr A Emmanuel	(Editor, Frontline Gastroenterology)
Professor C Hawkey	(Chair, Core)
Mr M Chapman	(ACPGI)
Mr R Hardwick	(AUGIS)
Dr S Gabe	(BAPEN)
Dr G Alexander	(BASL)
Dr N Croft	(BSPGHAN)
Dr R Stevens	(PCSG)
Dr A Hart	(PSGBI)
Dr A Ellis	(Chair, SAC)

The President serves two years, having previously served two years as President Elect. The Vice President (Endoscopy) and The Vice President (Hepatology) also serve for two years. The Secretaries of the Society serve for two years as Secretary and two years as Senior Secretary. The Treasurer serves for five years. The Chairs of the Education, Research and Training Committees serve for three years. The Chair of the Clinical Services and Standards Committee serves for two years.

Governance, structure and management (continued)

The Council (continued)

The chairs of the four key committees are members of Council for their term of office. The policies of Council are carried out by the following key committees:

- Education and Programme Committee – responsible for the scientific and educational content of meetings held by the Society and for nominations for appropriate fellowships and awards. Also badging of external meetings.
- Clinical Services and Standards Committee – responsible for compiling and disseminating good practice in gastroenterology services.
- Research Committee – responsible for assisting in formulating policy on gastrointestinal research and the Society's research agenda.
- Training Committee – responsible for ensuring that the curriculum for training in gastroenterology is delivered uniformly throughout the UK.

The Society is represented at regional level by regional leads within the Clinical Services and Standards Committee who promote the clinical activities of the Society within each health service region. In addition, there are sections for the academic and professional advancement of particular specialist interests. These sections are: Endoscopy, Gastroduodenal, Inflammatory Bowel Disease, Liver, Neurogastroenterology/Motility, Oesophageal, Adolescent & Young Persons, Pancreatic, Pathology, Radiology, Small Bowel/Nutrition, Colorectal, Trainees, Nurses Association, Gastrointestinal Physiology Associates and Primary Care. Section representatives sit on the Clinical Services and Standards, Education and Programme and Research Committees.

Organisation

The Society is administered from an office in London, staffed by 9.8 FTE employees. The Society also maintains a number of contracts for specialist professional services, including HR, accountancy and web development. The staff support the Trustees, the activities of the Council and the key committees.

Key management personnel

In addition to the Trustees, there are four key management positions within the Society's workforce: Chief Executive, Executive Secretary, Head of Research & Learning, and Head of Sections & Clinical Services. Remuneration for key management personnel is set by benchmarking exercise, which is carried out by the Society's external HR Consultants, Buzzacott LLP, and annual performance review, which is carried out by employees' line managers, or in the case of the Chief Executive, by members of the Executive Committee.

Objectives, activities and relevant policies

Activities and specific objectives

The objectives of the Society are the promotion of good health by providing a high standard of patient care, clinical services, research and education in gastrointestinal and liver disease in the United Kingdom and internationally. These objectives shall be pursued by meetings and discussion and such other means as shall from time to time be agreed.

1. Education and Training (Annual Scientific Meeting, postgraduate training, clinical update meetings).
2. Supporting GI research (platform for new research at Annual Scientific Meeting, supporting academic development, promoting GUT, paying a proportion of membership fees to Core to support research).
3. Enhancing service standards (clinical service development, guidelines and the sharing of best practice).
4. Supporting the GI community (membership, newsletter and public affairs).
5. Promoting awareness of Gastroenterology.

When considering the objectives and planning the work of the charity for the year, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Achievements and performance

Membership

In December 2017 the numbers in different membership categories were as follows:

	2017	2016
Honorary	120	121
Full	1,395	1,410
International	140	139
Trainee	579	565
Senior	106	99
Associate	786	781
Taster	239	223

Achievements and performance (continued)

Membership (continued)

The Trustees are pleased to note that the total number of members has remained stable over the period, though some variations in individual membership categories show a need to improve the membership benefits and value proposition on an ongoing basis. During 2017, the Society engaged an external consultant to review the membership offer and make recommendations for improvement. These are to be presented to a joint session of Council and Trustees in February. The Society has also invested in a new website and Customer Relationship Management system, which will enhance membership engagement through greater responsiveness and segmentation.

Review of activities in 2017 and plans for 2018

In relation to the Society's principal activities, the following paragraphs outline the main achievements during the year and the plans to develop them during the next.

Education and training

The BSG Annual Meeting took place in June 2017 in Manchester. With 2,710 attendees, it was the highest attended Meeting in the Society's history. 97% of attendee feedback rated the meeting either "very good" or "good." The standard of presentations and the live endoscopy in particular received positive feedback.

The Society is working towards delivering the 2018 BSG Annual Meeting, which will take place in Liverpool in June. The programme includes 53 basic science and clinical symposia including state-of-the-art lectures, free paper sessions and clinical updates over three days. For the second time there will be a day of Live Endoscopy, coming from Aintree University Hospital.

During 2017, The Society also presented Endolive UK, a major event for the Endoscopy community which last took place in 2015. The event brought together the UK's leading specialists to deliver a mixture of live case demonstrations and state of the art talks, with satellite links to two of the UK's premier endoscopic centres, St Mark's Hospital in London and Glasgow Royal Infirmary. We are already planning the next edition of this event, now renamed BSG Endoscopy Live, for 2019.

The Trainees' Section has been active in producing valuable content and events for trainee gastroenterologists. Highlights of the year include the Management Weekend in Warwick in March and the Education Weekend in Cardiff in October. The Taster Course in Gastroenterology, now in its fifth year, continues to attract bright and ambitious young doctors who have not yet chosen their specialty, as well as promoting the introductory 'Taster' level of BSG membership, an important gateway to long term engagement with UK gastroenterological community.

Achievements and performance (continued)

Review of activities in 2017 and plans for 2018 (continued)

Education and training (continued)

The Society continues to support education overseas and in the devolved nations and jointly organised the second British-Irish Gastroenterology (BIG) Meeting (following the first edition in 2013), which took place in April 2017 in Belfast, a collaboration between the British, Irish and Ulster Societies of Gastroenterology. The BSG also supports the educational efforts of United European Gastroenterology (UEG) and promotes their courses to BSG members, providing nominations or endorsements when requested.

The guidance for BSG support of education and training meetings has been publicised on the website and in e-newsletters. Requests for endorsement for a variety of meetings across the country have increased, with 24 meetings endorsed during 2017, up from 17 in 2016.

Research

The Society's new Research Strategy, to be presented at the 2018 BSG Annual Meeting, is a major step towards increasing the quantity of high-quality clinical gastrointestinal and hepatology research performed nationally. There are two principal aims for this strategy:

1. To align with the BSG's strategic objective to set "a collaborative and pioneering agenda and priorities in scientific and clinical research that will benefit patients and clinical practice nationally and internationally".
2. To redress the imbalance between research spend and activity compared with the burden of GI and liver disease in the UK.

Clinical Research Groups (CRGs)

The Society has four Clinical Research Groups, for Food & Function, Liver, IBD and Endoscopy.

The IBD CRG hosted the 3rd meeting of national IBD researchers on the 16th November in Cardiff. With almost 90 participants present, the CRG sessions focussed on development of investigator led studies, collaborative grant applications and project development. Additionally, there was a heavy presence of trainee IBD investigators and a component of the day was spent discussing the development of trainee research networks and how these could be facilitated.

The endoscopy CRG has seen a number of successfully delivered studies this year including the B-adenoma study from Colin Rees et al. In addition, members of the endoscopy CRG and the national endoscopy database team have been awarded a grant from the NiHR health foundation call to evaluate endoscopy performance and reduce unwarranted variation in quality.

Achievements and performance (continued)

Review of activities in 2017 and plans for 2018 (continued)

Clinical Research Groups (CRGs) (continued)

The food and function CRG has developed a comprehensive strategy to promote and develop relevant research projects over the next 5 years which forms part of the broader BSG research strategy. An important area of this plan is to align the development of some projects with the recent MRC review of nutrition and human health research document.

The liver CRG's achievements include the successful running of two workshops for planning a trial of pharmacotherapeutic interventions in alcohol-related liver disease.

Enhancing service standards

Clinical services remains a key area for the Society, and to further entrench this, work is underway to produce a Quality Improvement framework for gastroenterology services. The Society is also implementing the Endoscopy Quality Improvement Programme (EQIP), a major national two-year project, with the aim of improving the quality of endoscopy throughout the UK, leading to better outcomes and an improved experience for patients. The first major event for this programme will take place in Glasgow in February.

Guidelines

The Society continues to be a world leader in producing and promoting high quality clinical guidelines. This has developed during 2017, with a new, more interactive website giving greater user-friendliness and the expansion of expertise by use of external providers to help support guideline development

BSG guidelines published in 2017 include:

Guidelines

- ◆ Investigation of abnormal LFT in asymptomatic patients (P Newsome);
- ◆ Guidelines on the Management of Common Bile Duct Stones (CBDS); and
- ◆ Guidelines on the Transition of Adolescents with Chronic GI disease.

Guidance/Position Statements

- ◆ QS in Upper GI Endoscopy: A Position Statement of the BSG and AUGIS;
- ◆ Revised BSG recommendation for Management of Barrett's Oesophagus with Low-grade Dysplasia – publication as a letter; and
- ◆ BSG Position Statement on Serrated Polyps in the Colon and Rectum.

Achievements and performance (continued)

Review of activities in 2017 and plans for 2018 (continued)

Guidelines (continued)

Final draft guidelines submitted for review in 2017 include:

- ♦ UK Guidelines on Oesophageal Dilatation in Clinical Practice (S Attwood);
- ♦ BSG Guidelines for the Investigation of Chronic Diarrhoea in Adults (R Arasaradnam);
- ♦ The BSG/UK-PBC Primary Biliary Cholangitis Treatment and Management Guidelines (G Hirschfield) ;
- ♦ Patient experience of GI endoscopy – position statement (C Rees); and
- ♦ BSG guidelines for the diagnosis of PSC (M Chapman).

During 2017, the following were in development:

- ♦ The use of faecal microbiota transplant as treatment for recurrent or refractory *Clostridium difficile* infection and other potential indications: joint BSG/HIS guidelines;
- ♦ BSG guidelines for Oesophageal Manometry and Reflux Monitoring (N Trudgill);
- ♦ Post polyp/ adenoma surveillance (M Rutter);
- ♦ Management of Hereditary GI Cancer Risk with a Focus on Colonoscopic Surveillance (K Monahan);
- ♦ UK guidelines for the Management of Pre-malignant Epithelial Gastric Lesions (M Banks);
- ♦ The management of Lower GI Bleeding BSGE/ACP (J Hoare);
- ♦ Framework for staff required to deliver quality assured, safe care for patients undergoing GI endoscopy; a consensus agreement (T Tham);
- ♦ Guidelines for the Management of Iron Deficiency Anaemia (B Goddard);
- ♦ Guidelines for the Management of IBD in Adults (C Lamb/ B Hawthorne);
- ♦ Transjugular Intrahepatic Portosystemic Stent-Shunt (TIPSS) in the management of portal hypertension (D Tripathi); and
- ♦ Adult Liver Transplantation: A Clinical Guideline (C Millson).

Achievements and performance (continued)

Review of activities in 2017 and plans for 2018 (continued)

Guidelines (continued)

Final draft guidelines submitted for review in 2017 (continued)

The Society continues to offer expert responses to requests from NICE and other bodies on new technologies and guidelines.

Financial report for the year

Results for the year

The consolidated statement of financial activities is shown on page 19 of the annual report and financial statements.

The results for the year show an overall increase in funds of £583,309 (2016 - £591,045). This includes unrealised gains on investments of £347,642 (2016 – unrealised gains of £745,664) (see note 12). The profit within BSG Ltd amounted to £170,372 (2016 – profit of £154,202). This includes the net profit from the Annual Meeting, income from the journals and the income from the trainees' meetings. The journals continue to do well; income from Gut and Frontline Gastroenterology totalled £948,453 (2016 - £1,018,108).

Investment policy and performance

The Society's investment portfolio is managed by Investec. The Society's investment strategy is medium risk and aimed at protecting the funds from depreciation in the short to medium term. The policy takes account of ethical considerations such as restrictions on tobacco and alcohol-related investment. In addition the trustees agreed that whilst supporting companies involved in drug development is desirable, all such investments should be held at "arms length" (i.e. in funds). Details of the Society's investments are set out in note 12 to the financial statements.

The trustees consider the fund to have performed well during 2017.

The purchase of a new office property has been deferred for the moment but the Society is accumulating reserves towards this end in the long term. A total of £4,000,000 has been designated by the Society for this purpose.

Reserves and financial position

The trustees continue to actively address the issue of reserves in the context of future plans and requirements of the Society. The cash needs of the Society are well within the assets it holds and the income it generates.

Financial report for the year

Reserves and financial position (continued)

The trustees' policy in relation to free reserves is to maintain sufficient funds to support the key activities of the Society for one calendar year. This includes the annual meeting, requiring approximately £1,000,000, 12 months' staff costs approximating £480,000, and funds sufficient to discharge essential operating expenses estimated at £120,000, giving a total minimum required free reserve of approximately £1,600,000. The general funds, or free reserves, of the group at the year end were £1,906,725 and this is broadly in line with the target set out above.

Total funds of the group at the year end were £7,130,654 (2016 - £6,547,345). This included restricted funds of £266,864 (2016 - £206,808) and designated funds at the year end totalled £4,957,065 (2016 - £4,758,945).

Details of the designated funds are given in note 15 to the financial statements.

Statement of trustees' responsibilities

The trustees (who are also directors of the British Society of Gastroenterology for the purposes of company law) are responsible for preparing the trustees' report and 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 which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the group 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ♦ make judgements and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

Statement of trustees' responsibilities (continued)

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 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the trustees and signed on their behalf by:

Trustee



Approved by the trustees on:

D. Wolff.

26-6-18

Independent auditor's report to the members of British Society of Gastroenterology

Opinion

We have audited the financial statements of British Society of Gastroenterology (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the group statement of financial activities, the group and charitable parent company balance sheets and statements of cash flows, the principal accounting policies and notes to the financial statements. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 December 2017 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable parent 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 auditor's 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ 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 the knowledge and understanding of the group and the charitable parent 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 by the charitable parent company; or

Matters on which we are required to report by exception (continued)

- ♦ the charitable parent company financial statements are not in agreement with the accounting records and returns; or
- ♦ certain disclosures of trustees' remuneration specified by law are not made; or
- ♦ we have not received all the information and explanations we require for our audit; or
- ♦ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

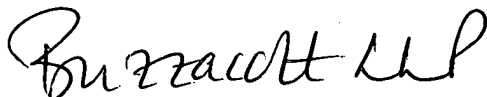
As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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



Shachi Blakemore (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL



Consolidated statement of financial activities Year to 31 December 2017

	Notes	Unrestricted			2017	2016
		General £	Designated £	Restricted £	Total funds £	Total funds £
Income						
Donations and legacies						
. Membership subscription	1	390,817	—	—	390,817	401,902
Investment income	2	172,190	—	—	172,190	150,138
Other		21,805	—	—	21,805	27,860
Charitable activities	3					
. Education and training		1,614,824	130,625	350,464	2,095,913	1,307,736
. GI research		948,603	—	—	948,603	1,019,108
. Service standards		—	—	5,744	5,744	394
Total income		3,148,239	130,625	356,208	3,635,072	2,907,138
Expenditure						
Cost of raising funds	4	84,452	—	—	84,452	77,666
Cost of charitable activities	5					
. Education and training		1,776,820	204,612	287,148	2,268,580	1,876,837
. GI research		549,155	145,438	—	694,593	722,756
. Service standards		202,147	34,114	9,004	245,265	320,444
. International		51,583	51,358	—	102,941	83,096
Total expenditure		2,664,157	435,522	296,152	3,395,831	3,080,799
Net income (expenditure) before transfers		484,082	(304,897)	60,056	239,241	(173,661)
Transfers between funds		(503,467)	503,467	—	—	—
Net (expenditure) income before gains on investments		(19,385)	198,570	60,056	239,241	(173,661)
Net gains on investments	12	344,068	—	—	344,068	764,706
Net income and net movement in funds for the year		324,683	198,570	60,056	583,309	591,045
Reconciliation of funds						
Fund balances brought forward at 1 January		1,582,042	4,758,495	206,808	6,547,345	5,956,300
Fund balances carried forward at 31 December		1,906,725	4,957,065	266,864	7,130,654	6,547,345

All of the charity's activities derived from continuing operations during the above two financial years.

All recognised gains or losses are included in the above statement of financial activities.

Balance sheets 31 December 2017

	Notes	Group		Charity	
		2017 £	2016 £	2017 £	2016 £
Fixed assets					
Intangible assets	11	143,696	—	143,696	—
Tangible assets	11	51,409	72,977	51,409	72,977
Investments	12	5,819,819	5,378,519	5,819,821	5,378,521
		<u>6,014,924</u>	<u>5,451,496</u>	<u>6,014,926</u>	<u>5,451,498</u>
Current assets					
Debtors	13	1,560,505	1,601,243	1,306,319	1,259,922
Cash at bank and in hand		688,568	435,219	448,688	241,459
		<u>2,249,073</u>	<u>2,036,462</u>	<u>1,755,007</u>	<u>1,501,381</u>
Liabilities:					
Creditors: amounts falling due within one year	14	(1,133,343)	(940,613)	(639,283)	(405,493)
Net current assets		<u>1,115,730</u>	<u>1,095,849</u>	<u>1,115,724</u>	<u>1,095,888</u>
Total net assets		<u>7,130,654</u>	<u>6,547,345</u>	<u>7,130,650</u>	<u>6,547,386</u>
The funds of the charity:					
Unrestricted funds:					
. General funds		1,906,725	1,582,042	1,906,721	1,577,551
. Designated funds	15	4,957,065	4,758,495	4,957,065	4,758,495
Restricted funds	16	266,864	206,808	266,864	211,340
	17	<u>7,130,654</u>	<u>6,547,345</u>	<u>7,130,650</u>	<u>6,547,386</u>

Approved by the trustees
and signed on their behalf by:

Trustee

Approved on:

 D. Lof. 26-6-18

British Society of Gastroenterology
Registered Company Number: 08124892 (England and Wales)

Statement of cash flows 31 December 2017

	Notes	2017 £	2016 £
Cash flow from operating activities:			
Net cash provided by (used in) operating activities	A	323,223	(500,857)
Cash flow from investing activities:			
Dividends and interest from investments		172,190	150,138
Purchase of tangible fixed assets		(1,136)	(21,916)
Purchase of intangible fixed assets		(143,696)	—
Proceeds from the disposal of investments		274,807	529,373
Purchase of investments		(392,824)	(453,581)
Net cash (used in) provided by investing activities		(90,659)	204,014
Change in cash and cash equivalents in the year		232,564	(296,843)
Cash and cash equivalents at 1 January	B	639,461	936,304
Cash and cash equivalents at 31 December	B	872,025	639,461

Notes to the statement of cash flows for the year to 31 December

A Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £	2016 £
Net movement in funds (as per the statement of financial activities)	583,309	591,045
Adjustments for:		
Depreciation charge	22,704	73,830
Gains on investments	(344,068)	(764,706)
Dividends and interest from investments	(172,190)	(150,138)
Decrease (increase) in debtors	40,738	(42,284)
Increase (decrease) in creditors	192,730	(208,604)
Net cash provided by (used in) operating activities	323,223	(500,857)

B Analysis of cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	688,568	435,219
Cash held by investment managers	183,457	204,242
Total cash and cash equivalents	872,025	639,461

Principal accounting policies 31 December 2017

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 December 2017 and are presented in sterling and rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these 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 financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include estimating the useful economic life of tangible fixed assets for the purposes of determining the annual depreciation charge.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the group and the charity to continue as a going concern. They are of the opinion that the group and the charity will have sufficient resources to meet its liabilities as they fall due. With regard to the next accounting period, the year ending 31 December 2018, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets.

Principal accounting policies 31 December 2017

Basis of consolidation

The consolidated financial statements of the group incorporate the financial statements of the Society and the trading subsidiaries it controls, BSG Limited and DDF Conference Limited. These have been consolidated on a line by line basis. A separate statement of financial activities and income and expenditure account are not represented for the charity itself following the exemption afforded by section 4 of the Companies Act 2006.

Income recognition

Income is recognised in the period in which the group and the charity have entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Subscription income

Subscription income is accounted for in the financial period for which it is due.

Publication income

The Society has a contract with BMJ Publications for the publication of the journals, which gives 50% of any surplus made to 31 December each year to the Society. The Society also receives advertising income from the publications, via BSG Limited. All publication income is accounted for on a receivable basis.

Scientific meetings

The income arising from scientific meetings is recognised on a receivable basis.

Donations

Donations are credited to the statement of financial activities in the year in which they are received.

Investment income

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

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

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the group and the charity to make a payment 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.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

Expenditure recognition (continued)

- a) Cost of raising funds includes investment managers fees and an allocation of staff time.
- b) Expenditure on charitable activities comprise expenditure on the Society's primary charitable purposes as described in the trustees' report. The costs for each activity include grants payable, other direct costs and support costs, which are apportioned on the level of activity in each area.
- c) Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant, and has satisfied all relevant conditions. Grants approved but not paid at the end of the financial year are accrued for. Grants where the beneficiary has not been informed or has to meet certain conditions before the grant is released are not accrued for but are noted as financial commitments in the notes to the financial statements.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprises the costs directly attributable to the governance of the charity, including audit costs and the necessary legal procedures for compliance with statutory requirements.

Support costs and governance costs are allocated between activities with the allocation based on staff time use.

Pension costs

The charity operates a defined contribution scheme on behalf of its employees. The assets are held in separately administered funds. Costs are charged to the statement of financial activities in the period to which they relate.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost of each asset over its estimated useful life:

- ♦ Office furniture, fittings and equipment - 5 years
- ♦ Leasehold building - 25 years

Tangible fixed assets (continued)

Items used in the day to day running of the Society and with a cost in excess of £500 are capitalised, and are stated at cost less accumulated depreciation.

Intangible fixed assets

Amortisation is provided at the following annual rates in order to write off the cost of each asset over its estimated useful life, amortisation is charged from the date the asset comes into use:

- ♦ Database and website - 5 years

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such financial statements and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the group and the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund structure

The Society has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

General funds

Funds which are expendable at the discretion of the trustees in furtherance of the objects of the Society.

Designated funds

Funds which are set aside as part of the Society's unrestricted funds for particular purposes in the future.

Fund structure (continued)

Restricted funds

Funds raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Investments

Listed 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 charity does not acquire put options, derivatives or other complex financial instruments.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if 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 at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Financial instruments

The charity only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the charity and their measurement basis are as follows:

Financial assets – other debtors are basic financial instruments and are debt instruments measured at amortised cost. Listed investments are a basic financial instrument as detailed above. Prepayments are not financial instruments.

Cash at bank – classified as a basic financial instrument and is measured at face value.

Financial liabilities – accruals and other creditors are financial instruments, and are measured at amortised cost.

Taxation

The Society is a registered charity and therefore is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

Notes to the financial statements 31 December 2017

1 Subscriptions

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Membership subscription	390,817	—	390,817	401,902
2017 Total funds	390,817	—	390,817	401,902
2016 Total funds	401,902	—	401,902	

2 Investment income

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Income from listed investments	160,084	—	160,084	134,141
Interest receivable	12,106	—	12,106	15,997
2017 Total funds	172,190	—	172,190	150,138
2016 Total funds	150,138	—	150,138	

3 Income from charitable activities

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Education and training				
Income from scientific meetings	1,614,824	73,609	1,688,433	1,137,645
Sponsorship income	130,625	276,855	407,480	170,091
	1,745,449	350,464	2,095,913	1,307,736
GI Research				
'GUT' and Frontline Gastroenterology journals	948,453	—	948,453	1,018,108
Other income	150	—	150	1,000
	948,603	—	948,603	1,019,108
Service standards				
Advertising income	—	4,294	4,294	244
Other income	—	1,450	1,450	150
	—	5,744	5,744	394
2017 Total funds	2,694,052	356,208	3,050,260	2,327,238
2016 Total funds	2,092,145	235,093	2,327,238	

4 Cost of raising funds

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Investment manager's fees	24,587	—	24,587	24,794
Staff costs (note 9)	59,865	—	59,865	52,872
2017 Total funds	84,452	—	84,452	77,666
2016 Total funds	77,666	—	77,666	

5 Expenditure on charitable activities

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Education and training				
Direct costs				
· Scientific meetings	1,470,468	136,671	1,607,139	1,097,512
· Section meetings	57,093	23	57,116	52,591
· IBD registry costs	194,973	97,313	292,286	357,776
· IBD registry staff costs	—	33,791	33,791	22,125
· Supporting Women in Gastro	4,521	—	4,521	13,848
· Trainee App	—	—	—	13,050
· Website costs	2,039	—	2,039	4,112
· Staff costs (note 9)	74,384	—	74,384	81,091
Grants payable	—	19,350	19,350	7,781
Support costs (note 6)	177,954	—	177,954	226,951
	<u>1,981,432</u>	<u>287,148</u>	<u>2,268,580</u>	<u>1,876,837</u>
GI research				
Direct costs				
· 'GUT' journal	261,704	—	261,704	267,294
· Frontline Gastroenterology journal	122,808	—	122,808	140,052
· Section meetings	23,072	—	23,072	23,218
· Website costs	845	—	845	2,078
· IBD Research priorities	—	—	—	300
· Clinical Research Groups	7,005	—	7,005	3,104
· Research Workshops	18,200	—	18,200	4,272
· Staff costs (note 9)	43,949	—	43,949	45,618
Subvention to Core	78,163	—	78,163	80,380
Other grants to Core	65,000	—	65,000	65,000
Support costs (note 6)	73,847	—	73,847	91,440
	<u>694,593</u>	<u>—</u>	<u>694,593</u>	<u>722,756</u>

Notes to the financial statements 31 December 2017

5 Expenditure on charitable activities (continued)

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Service standards				
Direct costs				
. Guidelines	14,870	—	14,870	8,708
. Newsletter	1,800	—	1,800	2,400
. E-Newsletter	819	—	819	809
. Meeting and other costs	25,785	9,004	34,789	53,621
. Public relation costs	30,919	—	30,919	70,040
. Website costs	1,430	—	1,430	4,257
. Staff costs (note 9)	68,328	—	68,328	66,309
Support costs (note 6)	92,310	—	92,310	114,300
	<u>236,261</u>	<u>9,004</u>	<u>245,265</u>	<u>320,444</u>
International				
Direct costs				
. Staff costs (note 9)	14,262	—	14,262	8,040
. Other costs	1,535	—	1,535	71
Sponsorship	50,221	—	50,221	29,266
Support costs (note 6)	36,923	—	36,923	45,719
	<u>102,941</u>	<u>—</u>	<u>102,941</u>	<u>83,096</u>
2017 Total funds	<u>3,015,227</u>	<u>296,152</u>	<u>3,311,379</u>	<u>3,003,133</u>
2016 Total funds	<u>2,753,951</u>	<u>249,182</u>	<u>3,003,133</u>	

6 Support costs

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Premises expenses	25,878	—	25,878	25,352
Administration and office expenses	64,180	—	64,180	78,724
Legal and professional fees	28,860	—	28,860	27,480
Bookkeeping	24,475	—	24,475	22,464
Subscriptions	3,806	—	3,806	10,526
Staff costs (note 9)	153,426	—	153,426	158,899
Recruitment	5,104	—	5,104	2,118
Marketing	2,380	—	2,380	—
Bank charges and interest payable	3,838	—	3,838	15,821
Depreciation and loss on disposal of assets	22,704	—	22,704	73,830
Sundry expenses	86	—	86	1,624
Irrecoverable VAT	11,187	—	11,187	29,836
Governance costs (note 7)	35,110	—	35,110	31,736
2017 Total funds	<u>381,034</u>	<u>—</u>	<u>381,034</u>	<u>478,410</u>
2016 Total funds	<u>478,410</u>	<u>—</u>	<u>478,410</u>	

6 Support costs (continued)

	Education and training £	GI research £	Service standards £	Inter- national £	2017 Total £	2016 Total £
Premises expenses	11,645	5,176	6,470	2,587	25,878	25,352
Administration and office expenses	28,881	12,836	16,045	6,418	64,180	78,724
Legal and professional fees	15,448	4,877	6,096	2,439	28,860	27,480
Bookkeeping	11,014	4,895	6,119	2,447	24,475	22,464
Subscriptions	1,713	761	951	381	3,806	10,526
Staff costs	69,042	30,685	38,357	15,342	153,426	158,899
Recruitment	2,297	1,021	1,276	510	5,104	2,118
Marketing	1,071	476	595	238	2,380	—
Bank charges and interest payable	1,874	714	893	357	3,838	15,821
Depreciation	10,217	4,541	5,676	2,270	22,704	73,830
Sundry expenses	39	17	21	9	86	1,624
Irrecoverable VAT	5,033	2,237	2,797	1,120	11,187	29,836
Governance costs (note 7)	19,680	5,611	7,014	2,805	35,110	31,736
2017	177,954	73,847	92,310	36,923	381,034	478,410
2016	226,951	91,440	114,300	45,719	478,410	

7 Governance

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Council meetings	17,243	—	17,243	16,685
Trustees' expenses	1,952	—	1,952	2,001
Audit and accountancy fees	15,915	—	15,915	13,050
2017 Total funds	35,110	—	35,110	31,736
2016 Total funds	31,736	—	31,736	

None of the trustees received remuneration from the charity in respect of their services as trustees (2016 - none).

8 Net income (expenditure) before gains (losses) on investments

This is stated after charging:

	2017 Total funds £	2016 Total funds £
Staff costs (note 9)	448,005	434,954
Depreciation	22,704	70,830
Auditors' remuneration (group basis)		
• Audit fees – current year	15,915	13,050
• Non-audit fees	24,075	5,375

9 Staff costs, remuneration of key management and trustees' remuneration

	2017 Total funds £	2016 Total funds £
Wages and salaries	390,895	382,365
Social security cost	39,605	38,293
Pension cost	17,505	14,296
	448,005	434,954

	2017 Total funds £	2016 Total funds £
Cost of raising funds	59,865	52,872
Charitable activities		
. Education and training	74,384	81,091
. Education and training (IBD Registry)	33,791	22,125
. GI research	43,949	45,618
. Service standards	68,328	66,309
. International	14,262	8,040
Support costs	153,426	158,899
	448,005	434,954

The average number of employees including the seconded member of staff was:

	2017 No	2016 No
Employees	10	10

The number of employees who earned £60,000 or more per annum (including taxable benefits but excluding employer pension contributions) during the period was as follows:

	2017 No	2016 No
£80,001 - £90,000	1	1

Pension contributions for this employee totalled £4,141 (2016 - £4,060).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees, the CEO, Executive Secretary, Head of Research and Learning and Head of Sections & Clinical Services. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £225,653 (2016 - £220,162).

No trustee received any remuneration from the Society in their ongoing role as a trustee. Travelling and subsistence expenses were reimbursed to 10 trustees amounting to a total of £19,341 (2016 - £15,730 to 12 trustees). At the year end a balance of £43 (2016 - £1,428) was owed to trustees.

10 Net income from subsidiaries

The Society has one wholly-owned subsidiary, BSG Limited, which is incorporated in England and Wales (Company Registration Number 03021266). BSG Limited conducts scientific meetings on behalf of the Society. A summary of BSG Limited's results is shown below:

Statement of income	2017 £	2016 £
Turnover	1,750,731	1,282,702
Cost of sales	(1,571,287)	(1,122,438)
Gross profit	179,444	160,264
Administration	(9,121)	(6,676)
Interest receivable	49	614
Net profit (loss)	170,372	154,202
Gift Aid to BSG	(170,372)	(150,907)
Profit for the period	—	3,295

The Society also controls DDF Conference Limited. DDF Conference Limited was formed in association with The Association of Upper Gastrointestinal Surgeons (AUGIS), The British Association for Parenteral and Enteral Nutrition (BAPEN) and The British Association for the Study of the Liver (BASL) in order to organise a joint scientific meeting on a triennial basis. Each of the societies owns one share in the company. The Society acts as host organisation for DDF, provides back office functions and manages the company on a day to day basis.

DDF Conference did not hold a scientific meeting in 2017 and its results are as follows:

Statement of income	2017 £	2016 £
Turnover	229	—
Cost of sales	—	—
Gross profit	229	—
Administration	(2,675)	(226)
Interest receivable	—	183
Net loss	(2,446)	(43)
Amount covenanted to the participating charities	—	—
Loss for the year	(2,446)	(43)

11 Fixed assets

Intangible fixed assets

Group and charity	Database & website £	Total £
Cost		
At 1 January 2017	72,070	72,070
Additions	143,696	143,696
At 31 December 2017	215,766	215,766
Amortisation		
At 1 January 2017	72,070	72,070
Charge for the year	—	—
At 31 December 2017	72,070	72,070
Net book values		
At 31 December 2017	143,696	143,696
At 31 December 2016	—	—

Tangible fixed assets

Group and charity	Leasehold buildings £	Office equipment, fixtures and fittings £	Total £
Cost			
At 1 January 2017	165,000	87,436	252,436
Additions	—	1,136	1,136
Disposals	—	(1,750)	(1,750)
At 31 December 2017	165,000	86,822	251,822
Depreciation			
At 1 January 2017	135,300	44,159	179,459
Charge for the year	6,600	16,104	22,704
Eliminated on disposal	—	(1,750)	(1,750)
At 31 December 2017	141,900	58,513	200,413
Net book values			
At 31 December 2017	23,100	28,309	51,409
At 31 December 2016	29,700	43,277	72,977

12 Investments

	Total funds £	Total funds £
Market value at 1 January	5,174,277	4,485,363
Disposals at opening market value (proceeds: £274,807; realised losses: £3,574)	(278,381)	(510,331)
Additions at cost	392,824	453,581
Unrealised gains	347,642	745,664
Market value at 31 December	5,636,362	5,174,277
Cash held by investment manager	183,457	204,242
Group	5,819,819	5,378,519
Investment in BSG Limited	1	1
Investment in DDF Conference Limited	1	1
Society	5,819,821	5,378,521

At 31 December, the Group and Society's listed investments comprised the following:

	2017 £	2016 £
UK fixed interest investments	758,817	758,158
Overseas fixed interest investments	68,294	—
Overseas listed equities	1,962,679	1,744,060
UK equities	2,268,580	2,240,456
Alternative investments	222,879	222,090
Property	355,113	209,513
	5,636,352	5,174,277
Historical cost of investments (excluding cash held with investment managers)	4,373,036	4,276,940

There were no (2016 – none) individual investments amounting to over 5% of the portfolio at 31 December 2017.

The total unrealised gains as at 31 December constitutes movements on revaluation and are as follows:

	2017 £	2016 £
Unrealised gains included above:		
On investments	1,263,326	897,337
Total unrealised gains at 31 December	1,263,326	897,337
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January	897,337	260,486
In respect to disposals in the year	18,347	(108,813)
	915,684	151,673
Net gains arising on revaluation arising in the year	347,642	745,664
Total unrealised gains at 31 December	1,263,326	897,337

13 Debtors

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Trade debtors	494,546	214,521	106,794	85,837
Other debtors	3,905	372	473	372
VAT	—	35,159	21,990	12,861
Amount due from subsidiaries	—	—	230,573	249,756
Prepayments and accrued income	1,062,054	1,351,191	946,489	911,096
	1,560,505	1,601,243	1,306,319	1,259,922

14 Creditors: amounts falling due within one year

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Trade creditors	192,527	174,392	130,394	88,974
Accruals and deferred income	884,840	743,616	484,580	294,124
Social security & other taxation	43,235	12,364	13,068	12,364
Other creditors	12,741	10,241	11,241	10,031
	1,133,343	940,613	639,283	405,493

Included within the above is deferred income as set out below:

	2017 £
Deferred income brought forward at 1 January	462,463
Additional income deferred during the year	525,079
Brought forward funds released in the year	(462,463)
Deferred income carried forward at 31 December	525,079

15 Designated funds

The income funds of the group include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	At 1 January 2017 £	New designations/ (released) £	Utilised in year £	At 31 December 2017 £
Research	124,620	102,143	(143,163)	83,600
Training and Education	30,358	20,000	(4,521)	45,837
Clinical Services	156,682	70,000	(14,870)	211,812
IBD Registry	92,685	130,625	(194,973)	28,337
International	85,724	31,447	(50,221)	66,950
Refurbishment of offices	68,426	59,772	(11,374)	116,824
Membership development	200,000	25,000	(16,400)	208,600
Property	4,000,000	—	—	4,000,000
Tangible and intangible assets	—	195,105	—	195,105
	4,758,495	634,092	(435,522)	4,957,065

15 Designated funds (continued)

Research

The members of the society have voted in a ballot to renew their decision to subvent 20% of their annual subscription to Guts UK Charity. An amount has been designated for this subvention along with a grant for £5,000. This subvention will be spent in its entirety by Guts UK in the course of 2018.

Training and Education

Funds have been set aside for a number of earmarked projects identified by the Council and supported during 2018, including a mentoring project.

Clinical Services

Funds have been set aside for a number of worthy projects identified by Council such as audit and guidelines including open access for guidelines. We expect to incur expenditure on producing and updating guidelines during 2018.

IBD Registry

The IBD Registry fund is to support the ongoing project. During the year £194,973 (2016 - £234,410) of the designated fund was utilised and a further £130,625 has been designated. The remaining fund will be utilised during 2018.

Refurbishment of office

A sum of money has been designated to fund the necessary refurbishment of the new office. Amounts previously spent on fixed assets are being depreciated over five years. The unspent fund will be utilised in 2018, in part on the development of a new communications and marketing strategy.

Membership development

A balance of £208,600 (2016 - £200,000) has been designated in the year for membership development. This fund will be utilised in 2018.

Property fund

A sum of money has been designated to secure alternative office accommodation for the Society. The Society needs to ensure that they have at least 80% of the purchase price of a new property, this money will be used towards that purchase.

Tangible and intangible assets

This fund represents the net book value of the tangible and intangible assets of the Society.

16 Restricted funds

	At 1 January 2017 £	Income £	Expenditure and transfers £	At 31 December 2017 £
Endoscopy fund	1,966	—	—	1,966
Endoscopy – Paul Brown travelling fund	3,540	—	—	3,540
Pathologists Group fund	2,603	—	—	2,603
IBD Registry fund	120,470	204,949	(131,104)	194,315
Section funds				
• Oesophageal Section	3,625	—	(931)	2,694
• IBD Section	2,100	(800)	—	1,300
• Clinical Measurement	5,550	5,744	(9,004)	2,290
• NGM	8,047	45,756	(40,103)	13,700
• Education	4,643	26,950	(19,450)	12,143
• Trainees in Gastro	50,582	73,609	(95,660)	28,531
Other	3,682	—	—	3,682
	<u>206,808</u>	<u>356,208</u>	<u>(296,152)</u>	<u>266,864</u>

Restricted funds are as follows:

The Endoscopy fund represents monies transferred from the British Society for Digestive Endoscopy for endoscopy related expenditure.

The Paul Brown travelling fund represents a donation received from Keymed for small travel grants to UK doctors to visit Endoscopy Centres abroad to enable them to learn specific techniques.

The Pathologists Group fund is a donation to support the annual Basil Morson Lecture.

The IBD Registry fund represents income received from various sources to support the establishment of the IBD Registry.

The Section funds represent the income and expenditure in relation to the activities of these sections of the Society.

17 Analysis of net assets between funds

Group	Unrestricted funds		Restricted funds £	Total funds £
	General fund £	Designated funds £		
	£	£		

Fund balances at 31 December 2017 are represented by:				
Intangible fixed assets	—	143,696	—	143,696
Tangible fixed assets	—	51,409	—	51,409
Investments	1,719,819	4,100,000	—	5,819,819
Current assets	1,043,659	791,548	413,866	2,249,073
Current liabilities	(856,753)	(129,588)	(147,002)	(1,133,343)
Total net assets	1,906,725	4,957,065	266,864	7,130,654

17 Analysis of net assets between funds (continued)

Charity	Unrestricted funds		Restricted funds	Total funds
	General fund	Designated funds		
	£	£	£	£
Fund balances at 31 December 2017 are represented by:				
Intangible fixed assets	—	143,696	—	143,696
Tangible fixed assets	—	51,409	—	51,409
Investments	1,719,821	4,100,000	—	5,819,821
Current assets	549,593	791,548	413,866	1,755,007
Current liabilities	(362,693)	(129,588)	(147,002)	(639,283)
Total net assets	1,906,721	4,957,065	266,864	7,130,650

18 Ultimate control and related party transactions

The charity has no ultimate controlling party.

No trustee received remuneration from the group and charity in respect of their services as trustees.

19 Guts UK Charity

The Society works closely with Guts UK Charity (previously known as Core – The Digestive Disorders Foundation) (Charity Registration No 1137029 and Company Registration No 7274105 (England and Wales)) to support Guts UK's mission to support research training for young doctors and scientists, the application of new knowledge to practice and the provision of patient information to the public; Guts UK is the only charity dedicated to the whole of gastrointestinal diseases. The President and Treasurer of the BSG are members of Guts UK's Board of trustees and the Chairman of the Research Committee of the BSG is invited to Guts UK trustees' meetings. The President of Guts UK is an ex-officio member of the BSG Council. Due to the closely related objectives of Guts UK and the BSG, and to strengthen the impact of our work, a decision was made by the trustees to more closely align the administration of the two bodies.

Transactions between the two charities during the year were as follows:

The Society continued to subvent 20% of its membership income, amounting to £78,163 (2016 - £80,380), which was paid partly in cash £61,079 and partly in services £17,084. The Society gave two grants of £50,000 and £15,000 to Guts UK during the year and is due to give a further grant of £5,000 to Guts UK during 2018.