

Annual report and accounts

for year ended 31 December 2016

Company number: 323575

Registered charity: 211585

www.physoc.org

Contents

1	Report of the Trustees	1
1.1	Charitable objects of The Society	1
1.2	Message from our President	2
1.3	Treasurer's statement	4
1.4	Public benefit statement	6
1.5	Structure, governance and management	7
1.6	Publications	11
1.7	Events	15
1.8	Membership	19
1.9	Education and Outreach	22
1.10	Policy	28
1.11	Future plans	31
	Looking ahead to 2017	31
	Highlights of year ahead	32
1.12	Signing of report	34
2	Independent auditors' report	35
3	Statement of financial activities	37
4	Balance sheet	38
5	Statement of cash flows	39
6	Accounting policies	40
7	Notes to the financial statement	43
7.1	Income from charitable activities	43
7.2	Income from investments	43
7.3	Analysis of expenditure	43
7.4	Analysis of support and governance costs	44
7.5	Analysis of grants	44



7.6	Staff costs	45
7.7	Related party transactions	46
7.8	Tangible fixed assets	47
7.9	Investments	47
7.10	Debtors	48
7.11	Creditors	48
7.12	Deferred income	48
7.13	Analysis of net funds	49
7.14	Reconciliation of net movement in funds to net cash flow from operating activities	49
7.15	Analysis of cash and cash equivalents	49
7.16	Comparative SoFA per FRS 102 (SORP 2015)	50
<hr/>		
8	Standing information	51

This is the Trustees' Annual Report and Accounts for the year ended 31 December 2016 for The Physiological Society. In preparing this report, the Trustees have complied with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

The Physiological Society was incorporated by guarantee on 27 January 1937 under number 323575. It has no share capital and is registered with the Charity Commission for England and Wales under number 211585. The liability of each Member is limited to £1.

The governing document is the Articles of Association of the Company and the members of the Council of Trustees are the Directors of the Company.

'The Physiological Society' and the Physiological Society logo are trademarks belonging to The Physiological Society and are registered in the UK and in the EU respectively.



1 Report of the Trustees

The Trustees are pleased to submit this report and the financial statements for the year to 31 December 2016. Further information about The Physiological Society's activities is given in a separate document, the Annual Review, which can be obtained from the registered office or online from www.physoc.org.

1.1 Charitable objects of The Society

The objects of The Physiological Society, also referred to in this report as 'The Society', as set out in its Articles of Association are: 'to promote for the benefit of the public the advancement of physiology, and facilitate the intercourse of physiologists, both at home and abroad, and thereby contribute to the progress and understanding of biomedical and related sciences and the detection, prevention and treatment of disease, disability and malfunction of physical processes in all forms of life'.

The major activities we undertake to achieve our charitable objects include publishing three journals, supporting a number of scientific meetings each year, and awarding grants to allow Members to travel to scientific meetings and to carry out research collaborations. We also run events for the general public on how physiology relates to everyday life, and for students who may be considering physiology as a career. Interaction with outside bodies is encouraged through representation on various councils and committees, and through active membership of the Royal Society of Biology and the International Union of Physiological Sciences (IUPS).

1.2 Message from our President

In 2016 The Society celebrated its 140th year, with recognition of its proud history, a focus on the advancements in the discipline and a determination to support the next generation of physiologists.

Our journals continue to flourish, reach global audiences and fund the other charitable activities of The Society. *The Journal of Physiology* is widely recognised as the leading primary research publication in physiology. We were pleased to welcome Kim Barrett who succeeded David Paterson as Editor-in-Chief. Not only is Kim the first Editor-in-Chief of *The Journal of Physiology* to reside outside the UK and Ireland but she is also the first woman to have this role. The journal has enhanced its coverage of areas outside its established strengths of neuroscience, muscle and cardiovascular physiology. Through its editorial appointments it has reinforced its support for research in such important areas as gastrointestinal and metabolic physiology. Mike Tipton started as the Editor-in-Chief of *Experimental Physiology* last year with the aim of defining an editorial niche for the journal, and continuing the work of previous Editor-in-Chief Paul McLoughlin to support scientific integrity by improving reproducibility and transparency. *Physiological Reports* continues as a successful collaboration with the American Physiological Society.

The Society's Members are the foundation for much of our activity. We have recognised the importance of the next generation by setting up an Affiliate Working Group, co-chaired by Rachel McCormick and Mat Piasecki, to advise on how The Society can best provide for the needs of early career investigators. For more senior members, last year the Annual General Meeting agreed to introduce a new category of 'Fellow' membership. The additional income from this category will be directed towards supporting early career researchers, demonstrating our commitment to the future of physiology.

Throughout the year we celebrated 'Elite Performance' to both raise public interest in physiology and provide a platform for our Members to disseminate their research. This included hosting four lectures including a historical review, a debate and two public lectures. One of our most popular, a lecture from Louis Passfield on 'How to be an elite cyclist', has been watched almost 2,000 times online.

We were proud to host 'Physiology 2016', a joint meeting with the American Physiological Society, in Dublin. This included 500 abstracts and had 1000 attendees. This event, as well as our meetings and symposia throughout the year, focused on creating a positive environment in which the development of the physiological sciences can thrive. Our vibrant scientific sessions contribute to the advancement of knowledge and understanding, while networking opportunities are highly valued among our community of physiologists.

The Society continues to be active in the area of Education and Outreach. Our efforts span from engaging with families with very little or no scientific knowledge, to active scientists, providing opportunities for anyone who would like to engage with The Society and the discipline of physiology. By encouraging individuals to understand what physiology is, we hope to strengthen the scientific workforce, and facilitate a more supportive environment in which science is funded, conducted and debated. In 2016 we took steps towards delivering a 'Massive Open Online Course' (MOOC) that will provide a freely accessible resource that raises awareness about physiology and encourages the uptake of the discipline at degree level.

Policy work aims to create and sustain an environment in which the physiological sciences can thrive by raising the profile of physiology among key stakeholders and influencing decision makers. We launched our 'Health of Physiology', report which combined primary research with existing data to produce a health check on the discipline. This has been used in subsequent meetings with Members of Parliament, including the Chair of the Science and Technology Committee and the Health Minister, to highlight the key issues facing physiology. We also are one of the few organisations from the learned society sector to host events at the main political party conferences. Our events in 2016 attracted key political figures, ensuring that The Society plays a central role in the political issues of the day.

We also recognise the importance of engaging with the devolved administrations across the UK, and we are pleased to now be members of the STEM cross-party groups in the Welsh and Northern Irish assemblies and the Scottish Parliament.

In December we marked our 140th year anniversary with a reception to mark the generous donation to The Society of AV Hill's Nobel Prize certificate by his family.

Also in December, Dariel Burdass joined us as our new Chief Executive. As President, I would like to welcome Dariel to The Society and I look forward to working with her in the months and years ahead.

I hope you enjoy reading about our 2016 highlights in this Annual Review, none of which would have been possible without the enthusiasm and hard work of our staff, Members and Trustees. I would like to record The Society's gratitude to Anne King, who stands down as Treasurer in 2017, for her outstanding service. I have greatly valued Anne's advice and wisdom on many matters beyond the purely financial. I would also like to thank two others for their enormous contributions to The Society. My predecessor, Richard Vaughan-Jones, was unstinting in his work as President and I have learnt a lot from him. Last, but most certainly not least, Casey Early was outstanding in his role as Interim Chief Executive and The Society owes him a great debt.

With our new team in place we have a busy year ahead to look forward to.

David Eisner
President

1.3 Treasurer's statement

Our principal funding sources were publications (£3,436,000), events (£339,000), membership subscriptions (£148,000), investments (£156,000) and income generated by Hodgkin Huxley House (£110,000).

Charitable expenditure of £4,426,000 was incurred during 2016, and has supported our charitable objects as set out in the Statement of Financial Activities on page 37 of this report.

Publishing income, which accounts for 82% of total income, increased by 4%. Events income increased by £231,000, primarily due to the Physiology 2016 meeting. Membership subscriptions increased by 21% due to the new pricing structure and investment income rose by 9%.

Fund investments yielded notable net gains of £762,000 (2015: £2,000) and contributed to an overall fund balance for The Society of £12,280,000.

The Society held freely available income funds of £8,054,000 at the year end, which represents an operating capacity of 22 months at current levels of expenditure. These reserves are held to ensure the long-term viability of The Society, particularly in the event of a serious decline in its publishing income. Currently, £7,127,000 is held in investments to provide an income stream to support the charitable activities of The Society for the longer term. To provide for security of our activities in perpetuity, a target level of reserves falls in the range of £11-12,000,000. This gap is projected to be bridged by 2024 with capital appreciation of our investment fund.

The Society held £114,000 in restricted funds at the year end. There were no designated funds.

The Society's investment policy, which takes into account the underlying investment in Hodgkin Huxley House, is to achieve long-term capital growth which can ultimately provide a significant income stream, regardless of fluctuations in our publishing income, to support key charitable activities. Up to £200,000 (from a mix of capital and income) is withdrawn on an annual basis. The long-term investment target is inflation, as measured by CPI, plus 4%. A composite benchmark, across four asset classes, is used in the quarterly valuations. In 2016, the managed portfolio returned +12.7% while the inflation target (CPI+4.0%) achieved a return of +5.6%. The composite benchmark returned +15.7% for the same period. Since its inception in April 2013, the portfolio has grown by +25.8% (+6.31% pa), ahead of the inflation target of +20.3% (+5.0%pa).

The Society invests in collective investments (unit and investment trusts). This is designed to give a protective broad level of diversification across all major asset classes. Our portfolio managers at Cazenove have general discretion over the asset allocation and selection of investments within pre-agreed investment parameters. However, the 2016 financial year was tumultuous - big political events including the Brexit vote and the US presidential election shook financial markets, triggered massive currency value swings (the strong dollar was actually financially favourable to The Society) and did nothing to make life easy for investors or fund managers. A major emerging point for discussion is the extent to which active fund managers can "beat the market" and outperform passive (algorithmic) investment products, index trackers. It is for this reason that a review of The Society's investment policy was begun this financial year with a view to completion in 2017.

This is my final year as Honorary Treasurer - these four years have moved along amazingly quickly. As I come to the end of my term, it is gratifying to know that future income generated through our publications and investments look resilient. Nonetheless we ourselves cannot be passive in our efforts to secure the future of The Society. We should be ambitious and seek to grow and expand our charitable activities on all fronts. To this end, the Property Strategy Working Group is

charged with actively exploring how best to capitalise on the value of Hodgkin Huxley House as an asset that can provide income. This consultation process should be complete in 2017.

The Finance Committee welcomed as a new member our President elect Professor Bridget Lumb, and said adieu to Mike Russell whose excellent and dedicated contributions to our committee's work is to be particularly acknowledged. The generosity, hard work and expertise of members of the Finance Committee and the support they have provided to me during my time as Honorary Treasurer is gratefully acknowledged. I have enjoyed many a spirited discussion with our Finance Director and erstwhile Interim Chief Executive Casey Early and other committee members which has kept me on my toes while in post. I have appreciated the efficiency and professionalism of The Society's staff. My time as Honorary Treasurer has been thoroughly rewarding and enjoyable. I have signed off my previous statements with Shakespeare quotes and in this spirit I will finish with the wise words of Winnie-The-Pooh: "How lucky I am to have something that makes saying goodbye so hard"!

Anne King
Honorary Treasurer

1.4 Public benefit statement

Physiology is the science of how humans and other animals function in an integrated way and is the basis for many biological and clinical sciences. The Society supports research to advance the understanding of physiology and disease, as well as education and public engagement to develop an informed society.

The charitable purposes of The Society are to support and sustain the discipline of physiology through the advancement of science and education and thereby the advancement of health.

The benefits provided by The Society are in the form of the publication of scientific journals; the holding of meetings and conferences to disseminate advances in physiology; the provision of educational resources to support the understanding of, and encourage the study of, physiology; the provision of grants to support attendance at scientific meetings; and the promotion of the importance of physiology to the public, through free public lectures and other outreach activities, to provide an insight into how basic research translates directly to improving human health. We support our Members who conduct research, providing that this is within the principles of UK and European legislation.

The beneficiaries of The Society include those involved in research, teaching or studying physiology in universities, industry, colleges and schools. Members of the public who wish to learn more about physiology are beneficiaries and all will ultimately benefit from physiological advances that promote health and treat disease. Further beneficiaries are other charities promoting science, education and health.

Some benefits are restricted to Members of The Society who are scientists or trainee scientists. These benefits (e.g. grants to present work at scientific meetings or provide access to specialist training courses) would not be directly relevant to the public. Other benefits such as educational materials, scientific publications and outreach events are available to all.

Provisions are in place for those on low incomes. Membership and registration fees are reduced or waived for students and for those from developing countries. Educational materials and our magazine are available to all free of charge. Our journals are offered at a reduced price in developing countries and online access to articles is freely available to all after 12 months from their date of publication. Publishing work in our journals is free to authors, unless they want to make their article freely available immediately on publication (Open Access), in which case an article-processing charge applies.

Private benefits are incidental and mainly consist of prizes for exceptional scientific or educational achievements.

In reviewing The Society's performance during the year, Council has had regard to the guidance on public benefit issued by the Charity Commission.

1.5 Structure, governance and management

Council of Trustees

The Trustees are legally responsible for the overall governance, management and policies of The Society, ensuring that the charitable objects for which it has been set up are met. The Trustees are also the Directors of the company. The Council of Trustees meets at least four times a year. Elections to the Council take place each year and any Member of The Society is eligible to stand. The normal length of service on Council is four years. The current size of the Council is 16, including two Affiliate representatives. Meetings of the Council are chaired by the President.

Trustees' responsibilities

The Trustees, as Directors of the charitable company, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Society and the income and expenditure for that year. 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 judgements 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 company will continue in business
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain The Society's transactions and disclose with reasonable accuracy at any time the financial position of The Society 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 Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees have confirmed that as far as they are aware at the time the report is approved, there is no relevant audit information of which The Society's auditors are unaware. They further have taken all steps necessary to make themselves aware of any relevant audit information and to establish that The Society's auditors are aware of that information.

Trustee induction and training

On appointment, new Trustees are provided with an induction pack which includes various information and resources such as the Charity Commission leaflet CC3, the governing documents and financial information. All new Trustees are required to attend a Trustee training course, which is either external or part of an induction day at The Society's registered office. In 2016, a total of eight Trustees attended five internal and external training courses covering Trustee responsibilities, finance and also investments. In addition, all Trustees completed an online course on unconscious bias.

Trustees have a legal duty to avoid conflicts of interest so that they can focus exclusively on the best interests of The Society. If and when any conflicts of interest arise, Trustees are required to make a declaration to be recorded on The Society's Register of Interests.

Executive Committee

The Executive Committee works through the Chief Executive to oversee the day-to-day operations of The Society and meets frequently throughout the year. Members of the Executive Committee are drawn from, and elected by, the Council. The Council can delegate any of its powers to the Executive Committee as it sees fit. The normal term of office on the Executive Committee is four years.

The Executive Committee in 2016 comprised:

- Richard Vaughan-Jones, President (to July 2016)
- David Eisner, President (from July 2016, President elect to July 2016)
- Bridget Lumb, President elect (from July 2016)
- Lucy Donaldson, Policy Committee (from July 2016)
- Blair Grubb, Chair, Education & Outreach Committee (to July 2016)
- Sarah Hall, Chair, Education & Outreach Committee (from July 2016)
- Anne King, Honorary Treasurer
- Prem Kumar, Chair, Publications Committee
- Ken O'Halloran, Meetings Secretary
- Mary Morrell, Chair, Policy Committee (to July 2016)
- Rachel Tribe, Chair, Membership & Grants Committee

Committees

The Council also has committees and working groups to which it delegates powers, and these groups report back to the Council. Membership of committees is drawn from the Council but also includes other invited members, who may be Members of The Society or external. Committees are aligned with the various functional groups in the London office. The main committees in 2016 were Education and Outreach, Finance, Meetings, Membership and Grants, Nominations, Policy, Publications, and Remuneration.

The Finance Committee acts as a reviewing mechanism for all strategic and statutory financial aspects of The Society. It is delegated by the Council to oversee all financial aspects to ensure The Society's short- and long-term ability to achieve its charitable objectives.

The Nominations Committee seeks and assesses all nominations for the President, Honorary Membership and membership of the Executive Committee. It comprises the President, the President elect and three other Trustees.

Management and administration

The Society has approximately 30 staff and operates out of Hodgkin Huxley House, which was acquired in 2012. The Council delegates responsibility for day-to-day management of The Society to the Chief Executive, who reports on performance against the strategic plans approved by the Trustees. The Chief Executive is supported by a Senior Management Team.

Key management personnel remuneration

The Trustees consider the board of Trustees, the Chief Executive, the Chief Operating Officer (previously Director of Finance) and the Director of Scientific Programmes (Previously Director of Publications) as comprising the key management personnel of The Society in charge of directing and controlling The Society and running and operating The Society on a day-to-day basis. All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in note 7.7 to the accounts.

Trustees are required to disclose all relevant interests and register them with the Company Secretary and, in accordance with The Society's policy, withdraw from decisions where a conflict of interest arises.

The pay of the Chief Executive is reviewed annually by the Remuneration Committee, which comprises three Trustees and one external member, and normally increased in accordance with average earnings to reflect a cost-of-living adjustment. In view of the nature of The Society, the remuneration is also benchmarked with similar charities or with reference to sector reports (e.g. Science Council) to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles. For information purposes the committee will also receive details of the salaries of the other key management personnel. Whilst the Chief Executive is responsible for determining staff salaries, within the approved salary budget set by Council, the provision of such information could be required for due diligence purposes.

Annual General Meeting

The Society's Annual General Meeting, open to all Members, was held on Sunday 31 July 2016 in Dublin during Physiology 2016. Minutes of the meeting are available on The Society's website.

Principal risks and uncertainties

The Trustees have given consideration to The Society's major risks to achieving its strategic direction and satisfied themselves that systems or procedures are established in order to mitigate those risks. The major risks were considered to be the dependency on publications income, reputational and quality risks relating to *The Journal of Physiology*, risks associated with Trustee board selection and composition and risks, including health and safety, associated with the ownership and management of Hodgkin Huxley House. Some of these risks have and will be mitigated as follows:

- Renewal of the publishing partnership with John Wiley & Sons for a further 10-year term
- Resolution passed by membership for up to two external Trustees to be appointed by Council
- Formation of a Property Strategy Working Group to 'optimise The Society's property asset' and ensure any proposals are compliant with best practice, the governing document and the law
- Full building survey to include assessment and mitigation of any structural issues associated with the rear of Hodgkin Huxley House

A full review of The Society's risk policy and risk management process including the management of the following categories of risk: governance, operational, financial, external and compliance, as per the Charity Commission's guidance on risk management (CC26) will commence in 2017.

Volunteers

We could not achieve our charitable objectives without the commitment and hard work of our volunteers, both Members and non-Members, many of whom give freely of their time to act as

journal editors, committee members and volunteers to support our events and activities. The Society wishes to thank all those who have supported it over the last year.

1.6 Publications

Publishing its three journals is The Society's most enduring and outward-facing charitable activity.

Physiological research published in any of the journals is certified by peer review, accredited to the authors, widely accessible, readily discoverable and permanently archived. Additionally the review process improves a paper and selection for publication indicates its importance and ensures that it is relevant and interesting to readers.

The Journal of Physiology (JP) is the leading primary research publication in the discipline, with the most citations (over 50,000 in 2016), the highest Impact Factor (4.731) and over three million article downloads per year. Under its new Editor-in-Chief *The Journal of Physiology* has enhanced its coverage of areas outside its strengths in neuroscience, muscle and cardiovascular physiology. Through editorial appointments and commissioning special issues, it has reinforced its support for research in gastrointestinal, respiratory, renal and metabolic physiology. These are expected to become critical areas of healthcare in the coming years.

Experimental Physiology (EP) is extending its coverage by adding extreme physiology and military physiology to its scope. It has also introduced new article types so each issue has something to interest any physiologist.

While *JP* and *EP* offer "hybrid" Open Access to individual articles, most new content is available only to subscribers, becoming free online after 12 months. *Physiological Reports (PR)* (owned jointly with the American Physiological Society) is entirely Open Access, with all articles published under a Creative Commons licence and available for anyone to read and reuse immediately on publication. Its rapid growth since launch in 2013 reflects the appeal of Open Access, with the journal achieving almost one million downloads in 2016. The journal has this year featured two new article types: case studies and review articles.

Our 2016 priorities:

- Review editorial coverage of the journals
- Increase social media activities and output of press releases
- Improve reproducibility and integrity of published research
- Add new author and reviewer services
- Engage actively with early-career researchers

Objectives and outcomes

	2016 objectives	Significant activities undertaken	Outcomes
1	Rebalance <i>JP</i> editorial board and coverage, measured through commissioned content and submissions by subject area.	We made significant appointments to <i>JP</i> 's editorial team, including recruiting Kim Barrett as Editor-in-Chief. This sent a particularly strong signal, reinforced by email marketing campaigns, meeting attendance and social media.	The change in <i>JP</i> policy has been evident since mid-2016, with special issues on hypoxia, GI stem cells, microbiota, and oxidative stress. <i>JP</i> has built on its traditional strengths in neuroscience and cardiovascular physiology, and is starting to attract and publish more work in GI, renal, metabolic, respiratory and muscle physiology.
2	Appoint a new <i>EP</i> Editor-in-Chief to define an editorial niche that overlaps less with our other journals.	Mike Tipton has been appointed as the Editor-in-Chief of <i>EP</i> , with plans for new article types, areas of coverage and further editorial appointments.	Although Mike Tipton only took up the editorship on 1 October 2016, his strategy is already evident in the increased emphasis on applied and extreme physiology and the introduction of several new types of article. These changes reinforce the distinction between the remits of <i>JP</i> and <i>EP</i> .
3	Improve reproducibility and transparency.	There have been concerns that science in general faces a " <i>crisis of reproducibility</i> ". All three journals, but with <i>EP</i> leading the charge, have stepped up their efforts to ensure that the research they publish is reliably replicable.	
4	Increase engagement	There is good evidence that social media citations increase the usage of	We have an increased number of

	2016 objectives	Significant activities undertaken	Outcomes
	with our journals through social media and improved coverage in press.	papers and our publications team and editorial boards have stepped up their use of social media and the number of press releases they issue. The highlight was an 'Ask Me Anything' on the Reddit platform held by the Editor-in-Chief.	'average new likes/followers per month' on almost all journal social media accounts. In 2016 the journals' social media accounts increased their numbers of followers/likes as follows: <i>JP</i> : increased Twitter followers by 32%, Facebook likes by 43% <i>EP</i> : increased Twitter followers by 38%, Facebook likes by 70% <i>PR</i> : increased Twitter followers by 55%, Facebook likes by 29% An 'Ask Me Anything' on the Reddit platform held by the Editor-in-Chief, attracted 1500 'upvotes' and 250 comments from users.
5	Expand author and reviewer services, measured through increased author loyalty and, eventually, increased submissions.	Through our publisher Wiley, the journals have introduced a range of new author and reviewer services, including: an author dashboard, citation metric reporting, funder compliance checking, data deposition, article/author promotion, and reviewer accreditation.	There is increasing pressure on authors to comply with funder mandates and to maximise the exposure and impact of their published work. The additional services provided through our publisher expedite the processes, lightening the authors' workload while ensuring compliance.

	2016 objectives	Significant activities undertaken	Outcomes
6	Continue growth of Open Access journal <i>Physiological Reports</i> .	We continue to work with our partners the American Physiological Society to develop the Open Access journal <i>Physiological Reports</i> . In 2016 we began featuring two new types of article: case studies and review articles.	<i>Physiological Reports</i> achieved almost one million article downloads in 2016.

1.7 Events

Our events support The Society's mission by facilitating the interactions of physiologists and thereby contributing to the progress and understanding of the function of biological systems, biomedical and related sciences.

We host high-profile lectures and cutting-edge research symposia, and provide many opportunities for researchers to present their novel and innovative work, from our annual main conference to smaller focused symposia.

Our conferences, meetings and symposia create and sustain an environment in which the physiological sciences can thrive. The opportunities for learning through the vibrant scientific sessions contribute to the advancement of scientific endeavour. We sustain a global community of physiologists to promote research into, and teaching of, physiology to advance knowledge and understanding of the discipline.

We are particularly proud that our events support the career development of early career physiologists. This ranges from being able to present their work to their peers and relevant experts, to career development workshops to provide the tools so they can take their next steps.

Our 2016 priorities

- Organise scientific meetings of outstanding international quality and relevance for the broadest possible range of physiological disciplines, with very high standards of presentation and discussion
- Foster the highest quality science and research ethics within the discipline of physiology
- Provide opportunities for early career researchers to present their findings to the most relevant experts in the field and also to participate in career development initiatives so as to enthuse the next generation of physiologists
- Promote networking and initiate collaboration, as well as promoting links with physiologists globally, and to foster physiology internationally

Objectives and outcomes

	Objectives	Significant activities	Outcomes
1	Foster the highest quality science and research ethics within the discipline of physiology.	<p>We invited prize and keynote lecturers including Nobel Laureates to present at our conferences and meetings.</p> <p>Rigorous review of symposia submissions for all conferences and meetings by Meetings Committee and Society Theme Leads.</p> <p>Selected prize lecturers and symposium speakers were invited to write articles for our journals.</p> <p>Ethical review of abstracts by the Theme Leads means that all those presented and published are compliant.</p>	<p>16 prize and keynote lectures were given in 2016 and two recipients were Nobel Laureates.</p> <p>93% of respondents to post-event surveys rated the overall scientific quality as good or excellent.</p> <p>88% of respondents to post-event surveys rated the scientific quality at symposia as good or excellent.</p> <p>A number of prize lecturers and symposium speakers were invited to write articles for our journals.</p> <p>Only 0.3% of abstracts were rejected for being ethically non-compliant.</p>
2	Ensure our scientific meetings are of relevance for the broadest possible range of physiological disciplines, with very high standards of presentation and discussion.	<p>Our broad annual conference with our two more specialised Topic Meetings, together with our three focused H3 symposia, meant representation in the calendar for all our Themes in 2016.</p> <p>We endeavour to include a diverse range of topics for presentations at all conferences and events.</p> <p>Strategic planning by the Meetings Committees and Theme Leads ensures the broadest range of physiological topics are included in our calendar.</p>	<p>69% of respondents to post-event surveys stated their main reason for attending was to hear the latest research in the field, with 93% for Biomedical Basis of Elite Performance and 100% for Limits of Perception: Advances in Bioimaging.</p> <p>100% of respondents to post-event surveys rated the overall quality of the oral communication sessions as good or excellent.</p> <p>90% of respondents to post-event surveys rated the overall quality of the poster communication sessions as good or excellent.</p>

	Objectives	Significant activities	Outcomes
			<p>All of our scientific Themes were represented at conferences and events in 2016, including new and emerging areas, for example CRISPR and also bioimaging.</p> <p>The five year plan ensures that we include the broadest range of physiological topics in our calendar of activities.</p>
3	<p>Attract physiologists from all over the world to our conferences and meetings to enable global collaboration, specifically to Physiology 2016 (our joint meeting with the American Physiological Society).</p>	<p>Geographically diverse prize lecturers and symposia speakers demonstrate our global reach.</p> <p>Focused marketing campaigns to previous meeting attendees and membership ensures that as wide an audience as possible is aware of the opportunities our conferences and meetings provide.</p> <p>Livestreaming of Biomedical Basis of Elite Performance 2016, and selected sessions at Physiology 2016, to further ensure a global reach.</p>	<p>16 prize and keynote lecturers from six different countries.</p> <p>We received abstracts, and attracted attendees, from 59 countries across our 2016 events.</p> <p>Social media around events became top 100 trending topics in the UK in two instances.</p> <p>Biomedical Basis of Elite Performance 2016 was viewed live online in 68 countries worldwide.</p> <p>Physiology 2016 was viewed live online in 60 countries worldwide.</p>
4	<p>Encourage and support the career development of early career researchers.</p>	<p>We schedule career development sessions and presentation (in symposia, and oral and poster communication sessions) opportunities in nearly all our conferences and meetings.</p>	<p>70% of respondents to post-event surveys said there were enough workshops, and 10% would like to see more.</p> <p>38% of respondents in post-event surveys stated that they attended to present at the meeting, with 71% presenting a poster communication at Physiology 2016.</p>

	Objectives	Significant activities	Outcomes
5	Provide opportunities for networking.	The programme scheduling and venues selected mean attendees were able to prioritise networking.	50% of respondents to post-event surveys stated that they attended to network.

1.8 Membership

Membership supports the primary function of The Society by ensuring those working and studying physiology, or in a physiology-related field, have access to a support network of fellow professionals.

By supporting members, providing career development opportunities, we support the advancement of physiology.

We facilitate the advancement of research through our grants and our world class meetings enable networking, collaboration and promotion of work through presentations.

Our 2016 priorities

- Enhance membership recruitment, application and retention processes, including reviewing our membership management system
- Develop and introduce a Fellowship membership category in line with the support in the Members survey and review other categories in terms of recruitment and progression
- Develop the network of 'Society Reps', including having clear terms of reference and roles, in particular targeting those institutions with strong physiology presence, but with low membership or participation

Objectives and outcomes

	Objectives	Significant activities	Outcomes
1	Improve member experience by implementing new contract relationship manager (CRM).	Completed robust testing of system during User Acceptance Testing followed by successful launch.	CRM launched with membership and grant applications being submitted via the new online portal and staff trained in system processes.
2	Embed a 'customer service focus' in our membership approach. Simplify mechanics of applying for membership with a reduction in calls to follow up on emails and a reduction in applicants getting in touch looking for an outcome to their application.	<p>Service Level Agreement introduced for membership inquiries to ensure all queries are responded to in a timely manner.</p> <p>Change to application review timings; we now review membership applications every two weeks and not every month, so applicants can get a response sooner.</p> <p>Our joining process has been simplified, with a proposer no longer required and all application reviews taking place in house. The process of applying has been simplified with fewer, shorter sections to complete.</p>	<p>There has been a reduction in telephone calls seeking an update on their application.</p> <p>We are able to review applications internally quicker as no longer need to wait for proposer to approve.</p>
3	Fellowship membership introduced.	The new category, along with the criteria and application process, was approved by Members at the Annual General Meeting.	All details were put in place to launch in 2017.

	Objectives	Significant activities	Outcomes
4	Society representatives: Establish virtual regional hubs, review activity and engagement of all those in post and provide formal role guidance and succession planning.	Reviewed how to better engage with our Reps. Introduction of code of conduct, including role and succession planning guidance, to support Reps in their role.	The number of Reps has increased. Succession plan and additional support now in place.

1.9 Education and Outreach

We provide our members with the resources to help realise their career potential, and to share their knowledge and experience to help others to do the same.

We promote a sense of community that members and non-members can benefit from in order to strengthen the understanding of physiology and advance the discipline. Our efforts span from engaging with families with very little – or no – science capital, to academics working in higher education. We are proud to provide an opportunity to anyone who would like to engage with The Society and the discipline of physiology.

By encouraging individuals to understand what physiology is, we hope to strengthen the scientific workforce, and facilitate a more supportive environment in which science is funded, conducted and debated. Furthermore, by providing support along the career pathway to professorship, we hope to reduce the attrition of physiologists.

We are particularly keen to support individuals who are less likely to consider a career in physiology or groups of physiologists that are more likely to encounter obstacles in their career, all of which reduces the diversity of our workforce. Activities include providing funding, careers guidance, access to existing and new educational resources and the sharing of best practice. We collaborate widely in our activities to enhance the positive impact for our stakeholders.

Our 2016 priorities

- Provide information and support to build a career in and from physiology
- Support and inform the teaching and learning of physiology at school and beyond
- Engage and inform the public about physiology through activities that are accessible and relevant
- Provide support and guidance to the membership on the delivery of outreach activities that help disseminate their research
- Increase engagement with the history of physiology and The Society
- Work with like-minded organisations to support the delivery of our strategy

Objectives and outcomes

	Objectives	Significant activities	Outcomes
1	<p>To scope a Physiology MOOC and identify a partner for delivery.</p> <p>The MOOC will provide a freely accessible, online resource that raises awareness of physiology, and encourages uptake of physiology at degree level. Working with a leading MOOC provider (FutureLearn) and a world-class HEI (University of Liverpool) that delivers physiology degrees will provide a recognisable platform that delivers relevant content to encourage and support the transition to degree level. A freely accessible platform will help to attract</p>	<p>The Education and Outreach Committee reviewed the school curriculum to identify areas of physiology common to A-level Biology and degree courses in physiology or related subjects.</p> <p>The Education and Outreach Committee outlined the scope of a MOOC in physiology and discussed with a MOOC platform provider to determine whether it would be an appropriate delivery tool.</p> <p>MOOC content proposals were invited from a group of HEIs; and the Education and Outreach Committee selected a proposal as part of a competitive process.</p> <p>The MOOC is currently in development by the HEI provider and the Education and Outreach Committee has the opportunity to provide feedback on content.</p>	<p>A MOOC platform and provider was identified in 2016.</p>

	Objectives	Significant activities	Outcomes
	<p>talent from the widest group of individuals, providing them with bespoke learning and career advice. Furthermore, it will raise the profile of physiology and physiologists to a new audience.</p>		
2	<p>To review the research grant scheme to determine whether the funds provide impact on career progression for early career physiologists.</p> <p>Research grant funding provides members and non-members with an opportunity to conduct small-scale projects to support the development of</p>	<p>Research Grants of up to £10k have been awarded to 51 physiologists in the period between 2012 and 2016. The review was conducted to ensure the funding was having the anticipated impact: supporting early career researchers to build an independent scientific career.</p>	<p>The review indicated that 50% of awardees from the 2012 cohort considered the funding to have led to further grant funding and publications. Percentages were lower in subsequent years, which may be explained by a lag time between the research taking place and the measurable impact.</p> <p>The research grant scheme has been tweaked as a result of the review: the eligibility criteria and funding period has been extended, plus awardees have received more exposure through The Society to help raise the profile of these researchers. Future funding for the scheme was committed in 2017. In 2016, funds of £108,000 were awarded through this scheme.</p>

	Objectives	Significant activities	Outcomes
	their own independent research career.		
3	<p>To increase engagement with under-represented groups in higher education.</p> <p>We are committed to increasing the diversity of the physiology workforce and that work extends to increasing our engagement with those groups that don't "normally" enter a career in the scientific workforce.</p>	<p>We have worked with members and non-members to ensure representation of physiology at events that are more likely to be attended by under-represented groups (such as community fairs).</p> <p>We have developed an interactive map that allows us to capture and illustrate our representation across the UK.</p> <p>We committed to reviewing the outreach grant scheme to ensure preference is shown to those applications that reach under-represented groups.</p>	<p>In 2016, we attended or were represented by members at 34 events across the UK and Republic of Ireland.</p> <p>Through our ongoing collaborations with like-minded organisations, our approach has been mirrored by larger organisations, so is likely to have greater impact.</p>
4	<p>To build on our 2016 theme, Elite Performance, to engage the public and schools in physiology.</p> <p>Working in collaboration with all</p>	<p>We hosted 4 lectures on the theme including a historical review, a debate and 2 public lectures.</p> <p>We have worked with members, non-members and also with the Royal Veterinary College to ensure representation of physiology at events that are more likely to be attended by under-represented groups (such as community fairs).</p>	<p>A lecture given by Louis Passfield, entitled "How to be an Elite Cyclist" attracted a public audience of 45 people. The event was also live-streamed, with the video subsequently uploaded online and receiving around 2000 views.</p> <p>In 2016, we attended or were represented by members at 15 events specific to the Elite</p>

	Objectives	Significant activities	Outcomes
	<p>departments at The Society, we were able to raise public interest in physiology and The Society. Freely available and accessible resources were developed to engage and inform the public, but also to provide a platform for our members to disseminate their research.</p>		<p>Performance Theme (in the UK and Republic of Ireland).</p>
5	<p>To increase the impact of our Reward and Recognition work through collaborations with like-minded organisations.</p> <p>As one of many organisations representing the life sciences, there are many opportunities to ensure efforts have greater impact by collaborating with</p>	<p>We have developed new collaborators with common interest in the reward and recognition of teaching in Higher Education. We hosted an Education and Teaching Theme workshop in collaboration with the British Pharmacological Society and the Royal Society of Biology in January 2016. In December, we hosted a round-table discussion with representatives from the Institute of Physics, Royal Society of Chemistry and Royal Statistical Society. We have also made links with the Royal Academy of Engineering who are also active in this area.</p>	

	Objectives	Significant activities	Outcomes
	others. Furthermore, the collaborations provide an opportunity to showcase physiology and our members on a bigger stage.		
6.	To increase engagement with the history of physiology and The Society	<p>We organised an historical symposium to provide members and non-members with an insight into conducting historical research into physiology; attendees also had an opportunity to view a selection of the archives.</p> <p>As part of a photography competition, Members were invited to capture the landscape of physiology in 2016.</p> <p>We celebrated the donation of AV Hill's Nobel Prize diploma at a networking event, which helped to raise awareness of the importance of physiological research to a wider audience.</p>	<p>More than 25 people attended the symposium, with positive reports including an undergraduate engaging in historical research as a direct result.</p> <p>26 entries were received for the photography competition, one of which featured on the front cover of <i>Physiology News</i>.</p> <p>The opportunity was taken to highlight AV Hill's contribution to both science and policy when around 100 Society stakeholders celebrated the donation of his Nobel Prize diploma by his family.</p>

1.10 Policy

Our policy work aims to create and sustain an environment in which the physiological sciences can thrive, by raising the profile of physiology among key stakeholders and the public, and influencing decision-makers.

We represent the interests of physiologists within the life sciences sector, working closely with the Royal Society of Biology to ensure that physiology is prioritised among discussions. As a member of an active science policy community, we prioritise developing relationships with our sister societies to collaborate where appropriate. This is of particular relevance when responding to government consultations: while we submit individual responses where appropriate, we also focus on shaping those being prepared by wider sector bodies.

We produce policy research documents to inform policymakers, such as 2016's 'Health of Physiology' report, which combined primary research with existing data to produce a health check on the discipline. This has been utilised in subsequent meetings with Members of Parliament, such as the Chair of the Science and Technology Committee and the Health Minister, to highlight the key issues facing physiology. We also are among the only learned societies to host events at the main political party conferences. Our events in 2016 attracted key figures such as former Minister of State for Universities and Science Lord Willetts, ensuring that The Society plays a key role in the political issues of the day.

A key policy priority is around maintaining a fair regulatory system for animal research and we have produced a position statement to assist our members in making this case. We are active in interactions with other sector groups and regulatory bodies to contribute to the development of government policy and protocols around animal research.

We work closely with other committees within The Society, particularly the Education and Outreach committee, to highlight key areas of importance to our Members and to the future generation of physiologists.

Our 2016 priorities

- To raise the profile of physiology amongst politicians and policymakers, working with them to improve the policy landscape for science in the UK and enhancing the health of physiology as a discipline.
- To increase the active engagement of the membership with policy.
- To maintain a fair regulatory environment for in vivo work and promote animal research more widely.
- To promote wider diversity in physiology.
- To play an active role in the policy process in the UK's devolved cities, nations and regions.

Objectives and outcomes

	Objectives	Significant activities	Outcomes
1	<p>Raise the profile of physiology among policymakers to enhance the health of physiology as a discipline.</p> <p>Engagement with politicians and policymakers and participation at policy events.</p>	<p>Published our 'Health of Physiology' report highlighting the key issues facing the future of the discipline.</p> <p>Held events at the main party political conferences to highlight The Society and physiology.</p> <p>Maximise the benefit from our enhanced funder relationship with the Royal Society of Biology to shape the life science sector policy direction.</p>	<p>Our research in 'Health of Physiology' has given us a firm foundation of evidence to track the status of the discipline over coming months and years. We have used the report to raise the issue with the Chair of the Science and Technology Committee in Parliament and the Health Minister. IUPS has also taken up this strand of work in an international context and we will be supporting their project in 2017.</p> <p>Our party conference events were successful, with high profile speakers and capacity audiences. They led to development of relationships within related sectors, such as with Universities UK, providing The Society with greater opportunities to influence policy processes in the interests of physiology.</p> <p>By working with the Royal Society of Biology on the production of responses to government policy consultations we are able to ensure that issues of key importance to physiology, such as in vivo skills, are prioritised in the broader life science sector.</p>
2	<p>Increase membership engagement with</p>	<p>We established the 'policy newsletter' to our membership, highlighting our key policy interests and successes.</p>	<p>The policy newsletter, which was started at the end of 2015, was established as a regular</p>

	Objectives	Significant activities	Outcomes
	policy	We have increased the amount of policy content on our blog and social media.	<p>communication tool, featuring key content from our work.</p> <p>Our policy work features prominently on our social media channels, such as Facebook and Twitter, as well as our blog.</p>
3	Maintain a fair regulatory environment for in vivo work and promote the need for animal research through inclusion of in vivo issues in sector-wide policy priorities.	We have developed a clear policy position statement on animals in research, which will encourage our members to engage on the issue. We are also building our relationship with like-minded organisations, such as Understanding Animals in Research.	<p>We have worked with the Royal Society of Biology, who are considered the voice of the life science sector, to prioritise in vivo work as a skill set required by the sector.</p> <p>Members have played key roles in interactions with the Home Office to improve protocols around animal research licencing.</p>
4	Play an active role in policy process for UK's devolved nations	We have increased our engagement with policymakers and politicians, as well as key sector bodies, in Scotland, Wales and Northern Ireland.	We are now members of the STEM cross-party groups in Scotland, Wales and Northern Ireland, and are active in the policy debate in these areas.

1.11 Future plans

Looking ahead to 2017

I was delighted to join The Society as Chief Executive in December. With its highly engaged membership, strong heritage and world class journals, The Society is in a fantastic position to rise to the challenges of the coming years. I would like to make particular mention of our staff: I have been extremely impressed by their dedication, knowledge and commitment to physiology and to The Society. We are fortunate to have such an outstanding and motivated team.

In 2017 we will build on progress to date and reflect on the impressive successes of the previous year. The coming year will be important for The Society as we establish a new and ambitious five year strategy to be implemented from 2018. We will look to address the challenges that both the discipline of physiology and physiologists face, ensuring that we are increasingly innovative in our approach, capitalising on new technology to have an even greater impact.

Our annual theme for the coming year is 'Making Sense of Stress'. Through an integrated approach The Society will raise the profile of the role of physiology in stress. Key activities for the year will include engaging school students, the public and policymakers about the importance of the physiological aspects of stress in order to inform scientific debate and development of evidence-based policy. It will also provide a platform for physiologists conducting research into the physiology of stress to disseminate their research more widely. Physiologists will have the opportunity to communicate their research to peers through a symposium on The Neurobiology of Stress, a strand at BNA Festival of Neuroscience, and through our world class journals. Finally to recognise the knowledge and experience of members, The Society will be launching a new Fellowship category in 2017.

As we look to the future we will continue to build and strengthen our community by inspiring the next generation of physiologists. The opportunities available are significant and we are in a good position to maximise these. I look forward to working with the Trustees and staff to help shape the future direction of The Society.

Daniel Burdass
Chief Executive

Highlights of year ahead

1. Provide support to ensure a successful meeting of the International Union of Physiological Sciences (IUPS) World Congress

We are providing financial and logistical support for the IUPS 2017 World Congress in Brazil. This meeting brings together physiologists from across the world to share knowledge and discuss the latest research. The Physiological Society is a key member of IUPS and our prominent role in this premier meeting helps ensure UK science maintains its high international reputation. These activities become even more important as the Brexit process unfolds and UK science needs to cement its international links.

2. Using our journals to engage Early Career Researchers and focus on underrepresented areas

We will introduce podcasts to engage Early Career Researchers with our journals, as well as run 'publishing best practice' workshops to encourage more submissions. Our journals will also seek to develop our coverage of underrepresented areas of physiology: for example, the Journal of Physiology will appoint new board members as well as sponsor events in the areas of renal, endocrine, respiratory and alimentary physiology.

3. Launch the MOOC in physiology in July 2017

Working with the University of Liverpool and FutureLearn will enable us to reach a new and diverse audience, making physiology more widely accessible and providing a platform to encourage and support study to degree level. We will feed into the content development, marketing and evaluation design to ensure the MOOC is in line with strategic objectives and is reaching the intended audiences.

4. Continue to work towards increased recognition and reward of excellence in Higher Education teaching

We will continue to recognise and reward good teaching by funding innovative projects and awarding prizes. By increasing the number of applications for such funding, we aim to increase the strength of the applications and the recognition of their prestige beyond The Society. We will also follow up on the 2016 scoping meeting with like-minded organisations (such as Royal Society of Biology, Royal Society of Chemistry and Institute of Physics) to raise the profile of reward and recognition on a broader interdisciplinary stage.

5. Raise the profile of the role of physiology through our 'Making Sense of Stress' theme year.

We will raise the profile of physiology among school students and the public to inform scientific debate, build science capital and inform career choices. Under the umbrella of The Society's 2017 theme of 'Making Sense of Stress', we will provide a platform for physiologists to disseminate their own research into the physiology of stress. We will run five public lectures and a series of

interactive activities that communicate the physiology (and pathophysiology) of stress and develop a supportive video addressing the issue of exam-related stress.

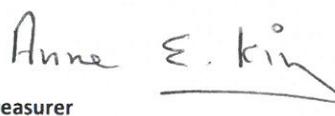
1.12 Signing of report

This report was approved and authorised for issue by the Trustees of The Physiological Society and signed on this 23rd day of May 2017 on their behalf by:



David Eisner

President

Anne King 

Honorary Treasurer

2 Independent auditors' report

We have audited the financial statements of The Physiological Society for the year ended 31 December 2016, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash flow Statement and the related notes.

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 its Members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditor

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.

We have been appointed auditor under the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of the charitable company's net movement in funds 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.

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' Annual Report (which incorporates the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- The Trustees' Annual Report (which incorporates the Directors' Report) has been prepared in accordance with applicable legal requirements.

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' Annual Report (which incorporates the Directors' Report).

Matters on which we are required to report by exception

- We have nothing to report in respect of the following matters where the Companies Act 2006 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 to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

KE BC

Kathryn Burton (Senior statutory auditor)
for and on behalf of haysmacintyre
Statutory Auditors

26 Red Lion Square
London
WC1R 4AG

23rd May 2017

3 Statement of financial activities

For the year ended 31 December 2016

	Note	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000	2015 Total £'000
Income from:					
Charitable activities	7.1	3,937	2	3,939	3,568
Investments	7.2	156	-	156	143
Other trading activities		110	-	110	104
Total		4,203	2	4,205	3,815
Expenditure on:					
<i>Raising funds:</i>					
Investment management costs		28	-	28	21
<i>Charitable activities:</i>					
Publications		1,827	-	1,827	1,785
Events		974	8	982	648
Membership services		510	-	510	556
Education & outreach		547	5	552	566
Policy & communications		354	-	354	209
Other		173	-	173	201
Total	7.3	4,413	13	4,426	3,986
Net expenditure before gains on investments		(210)	(11)	(221)	(171)
Net gains on investments		762	-	762	2
Net movement in funds		552	(11)	541	(169)
<i>Reconciliation of funds:</i>					
Fund balances as at 1 January 2016		11,614	125	11,739	11,908
Fund balances as at 31 December 2016	7.13	12,166	114	12,280	11,739

All the above results are derived from continuing activities. All gains and losses in the year are included above; accordingly, a statement of total realised gains and losses has not been prepared. The accounting policies on page 40 to 42 and the notes on pages 43 to 50 form part of these accounts.

4 Balance sheet

As at 31 December 2016

	Note	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000	2015 Total £'000
Fixed assets					
Tangible assets	7.8	4,112	-	4,112	4,100
Investments	7.9	7,127	-	7,127	6,831
		11,239	-	11,239	10,931
Current assets					
Debtors	7.10	3,472	-	3,472	4,304
Cash at bank and in hand		314	114	428	246
		3,786	114	3,900	4,550
Liabilities					
Creditors falling due within one year	7.11	(2,859)	-	(2,859)	(3,742)
Net current assets		927	114	1,041	808
Net assets		12,166	114	12,280	11,739
Funds					
	7.13				
Unrestricted funds – General		12,166	-	12,166	11,614
Restricted funds		-	114	114	125
Total funds		12,166	114	12,280	11,739

The accounting policies on page 40 to 42 and the notes on pages 43 to 50 form part of these accounts.

This report was approved and authorised for issue by the Trustees of The Physiological Society and signed on this 23rd day of May 2017 on their behalf by:



David Eisner

President

Anne King



Honorary Treasurer

5 Statement of cash flows

For the year ended 31 December 2016

	Note	2016 Total £'000	2015 Total £'000
Cash flows from operating activities:	7.14	(261)	(267)
Cash flows from investing activities:			
Dividends and interest		156	143
Purchase of investments		(1,507)	(983)
Movement in cash awaiting investment		26	140
Proceeds from sale of investments		1,947	1,120
Purchase of property, plant and equipment		(179)	(13)
Net cash provided by investing activities		443	407
Change in cash and cash equivalents in the year		182	140
Cash and cash equivalents at the beginning of the year		246	106
Cash and cash equivalents at the end of the year	7.15	428	246

6 Accounting policies

For the year ended 31 December 2016

Basis of preparation of accounts

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 Physiological Society 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 notes.

Going concern

Given the level of free reserves available at the year end and its publishing contract with Wiley, the Trustees consider that The Society has adequate resources to continue in operational existence for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

Judgements and estimates

Judgements made by the Trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the valuation of investments and are discussed below.

Statement of cash flows

The Society's cash flow statement reflects the presentation requirements of FRS 102. In addition, the cash flow statement reconciles cash and cash equivalents whereas under previous UK GAAP the statement reconciled to cash.

Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the charitable objects of The Society. Restricted income funds are funds subject to specific restrictions imposed by donors or by the purpose of the appeal.

Income

All income is recognised once The Society has entitlement to income, it is probable that income will be received and the amount of income receivable can be measured reliably. The following specific policies are applied to particular categories of income:

- Investment income is included when receivable.
- Publishing, events and other income are included when receivable.
- Members' subscriptions are recorded on a cash receipt basis.

Expenditure

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Raising funds consist of investment management fees and certain legal and professional fees.

Charitable expenditure comprises those costs incurred by The Society in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of The Society. These costs include the audit and legal fees, costs linked to the strategic management of The Society together with an apportionment of overhead and support costs. Governance costs are now apportioned on the same basis as support costs.

All costs are allocated between the expenditure categories of the accounts on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on the basis of time spent.

Grants payable

Expenditure on grants is recorded once The Society has made an unconditional commitment to pay the grant and this is communicated to the beneficiary or the grant has been paid, whichever is the earlier. The Society has not made any grant commitments of more than one year.

Pension costs

The Society's Occupational Pension Scheme, which had been closed to new members from 1 March 2000, was formally wound up on 26 July 2016.

Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Minor additions to fixed assets, defined as those costing less than £1,000 each, are expensed in the year in which the cost is incurred. Depreciation is provided to write off the cost of assets by equal monthly instalments over their estimated useful lives as follows:

- Freehold property: 50 years.
- Freehold improvements: 15 years.
- Fixtures, fittings and equipment: 3–10 years.

Investments

Investments listed on a recognised stock exchange are stated at mid-market value at the balance sheet date.

Realised gains and losses

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sale proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (purchase date if later).

Debtors

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

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short-term highly liquid investments.

Creditors and provisions

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

Employee short-term benefits

Short-term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Employee termination benefits

Termination benefits are accounted for on an accrual basis and in line with FRS 102.

7 Notes to the financial statement

For the year ended 31 December 2016

7.1 Income from charitable activities

	2016 £'000	2015 £'000
Publications	3,436	3,315
Events	339	108
Membership subscriptions	148	122
Sundry income	16	23
	3,939	3,568

All of The Society's trading activities are carried out within its prime charitable purposes. The Society was exempt from income tax, corporation tax or capital gains tax on income derived from its trading or charitable activities.

7.2 Income from investments

	2016 £'000	2015 £'000
Dividend income	155	142
Bank deposit interest	1	1
	156	143

7.3 Analysis of expenditure

	Grants costs £'000	Other direct costs £'000	Support and governance costs £'000	Total 2016 £'000	Total 2015 £'000
<i>Raising funds:</i>					
Investment management costs	-	26	2	28	21
<i>Charitable activities:</i>					
Publications	-	1,572	255	1,827	1,785
Events	-	892	90	982	648
Membership services	241	188	81	510	556
Education and outreach	225	228	99	552	566
Policy	-	261	93	354	209
<i>Other</i>	-	138	35	173	201
	466	3,305	655	4,426	3,986

Charitable expenditure was £4,426,000 (2015: £3,986,000) of which £4,413,000 was unrestricted (2015: £3,981,000) and £13,000 was restricted (2015: £5,000).

7.4 Analysis of support and governance costs

The Society initially identifies the costs of its support functions. It then identifies those costs that relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the primary activities undertaken (see note 7.3) in the year. The Trustees have decided to meet all governance costs from unrestricted funds and so no allocation is made to restricted funds for any governance related costs. Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

	General support £'000	Governance function £'000	2016 £'000	2015 £'000	Basis of apportionment
Staff costs	-	81	81	121	Allocated on time
Employee-related costs	106	6	112	89	Allocated on time
Premises – office	37	2	39	40	Allocated on time
Technology	81	5	86	79	Allocated on time
Postage, printing and stationery	17	1	18	18	Allocated on time
Insurance	14	1	15	15	Allocated on time
Irrecoverable VAT	9	1	10	-	Allocated on time
Financial costs	7	-	7	6	Allocated on time
Depreciation	157	9	166	157	Allocated on time
AGM, Council and committee expenses	-	58	58	42	Governance
Auditors' remuneration	-	9	9	9	Governance
Legal and professional	-	8	8	10	Governance
Academic support	-	46	46	44	Governance
	428	227	655	630	

7.5 Analysis of grants

The Society awarded grants to a number of institutions and individuals in the furtherance of its charitable activities.

	2016 No.	2015 No.	2016 £'000	2015 £'000
Travel grants	423	399	226	206
Research grants	11	10	108	100
Vacation studentships	36	50	45	48
Public engagement grants	6	9	25	28
Departmental seminar scheme	26	34	15	18
Teaching grants	2	3	12	15
Microelectrode workshop	1	1	17	17
Outreach grants	12	14	10	8
Home office training for undergraduates	1	1	3	3
David Jordan Fellowship	1	1	5	5
	519	522	466	448

7.6 Staff costs

	2016 £'000	2015 £'000
Gross wages and salaries	893	1,005
Social security costs	84	96
Pension costs	83	95
	1,060	1,196

Included in the above were sums relating to redundancy or termination payments totalling £23,000 (2015: £90,000). There were no unpaid sums at the year end.

The key management personnel of The Society comprise the board of Trustees, the Chief Executive, the Chief Operating Officer, the Director of Marketing and the Director of Scientific Programmes. Trustees received no remuneration in respect of their services to The Society. The total employment benefits including employer pension contributions of the key management personnel were £237,000 (2015: £360,000).

The average number of persons employed including part-time and agency staff, calculated on a full-time equivalent basis analysed by activity, was:

	2016 Number	2015 Number
Scientific programmes	10.4	11.0
Operations	6.7	6.6
Professional development & engagement	3.7	3.2
Policy & communications	2.2	2.0
	23.0	22.8

Emoluments of employees

The number of employees of The Physiological Society whose emoluments fell within the following bands:

	2016 Number	2015 Number
£60,001 - £70,000	1	2
£80,001 - £90,000	1	
£100,001 - £110,000	-	-
£130,001 - £140,000	-	1

7.7 Related party transactions

All Trustees are Members of The Physiological Society. The Trustees received no remuneration in respect of their services to The Society but certain host departments received academic support amounting to £46,000 (2015: £44,000) and Trustees (23 in total) incurred expenses totalling £62,000 (2015: 23, £55,000).

Academic support

The following Trustees' institutions received academic support payments during the year:

Trustee	Institution	£
L Donaldson	University of Nottingham	2,000
D Eisner	University of Manchester	9,000
B Grubb	University of Liverpool	2,000
S Hall	University of Cardiff	2,000
A King	University of Leeds	7,000
P Kumar	University of Birmingham	3,000
B Lumb	University of Bristol	3,000
M Morrell	Imperial College London	2,000
K O'Halloran	University College Cork	7,000
R Tribe	King's College London	2,000
R Vaughan-Jones	University of Oxford	7,000
		£46,000

Free basic membership

The following Trustees received free membership, worth up to £90, in 2016 as follows:

Trustee	Reason
J Harris	Honorary Member
B Lumb	Honorary Member
K O'Halloran	Editor of <i>Experimental Physiology</i>

Editorial support

During the year, payments totalling £110,000 (2015: £116,000) were made to senior journal editors in respect of honoraria and institutional editorial support. S Wray, Editor-in-Chief of *Physiological Reports*, is married to D Eisner, a Trustee. During 2016, S Wray received an honorarium of \$15,000 plus a performance-related bonus of \$5,000. This is paid by the publishers, Wiley, out of the joint journal account shared with Wiley and the American Physiological Society.

Travel grants

Travel grants were awarded to four Trustees in the year. The applications by D Baines (£700), G Bewick (£693), F Formenti (£700) and R Tribe (£700) were approved by an independent panel of Members of The Society composed of not less than three Members who are not Trustees.

ADInstruments Pty Ltd

The Society has a long-standing relationship with ADInstruments Pty Ltd, an international company that produces data acquisition and analysis systems for the life science industry. Dr Graeme Daniels, the husband of Dr R Tribe, a Trustee, was appointed as General Manager – Europe and European Sales Director in October 2013 and Chief Sales Officer (CFO) for the global company in February 2016. During the year, invoices totalling £16,500 were raised in respect of supplies to the company. Dr R Tribe has not and will not play any part in any discussion related to any transaction between The Society and ADInstruments Pty Ltd.

Otto Hutter Prize

P Kumar, a Trustee, was awarded £500 for the Otto Hutter Teaching Prize in 2015. This was paid in April 2016.

7.8 Tangible fixed assets

	Freehold Property £'000	Freehold Improvements £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost:				
At 1 January 2016	3,500	834	243	4,577
Additions	-	-	179	179
At 31 December 2016	3,500	834	422	4,756
Accumulated depreciation:				
At 1 January 2016	216	171	90	477
Charge for the year	70	56	41	167
At 31 December 2016	286	227	131	644
Net book value at 31 December 2016	3,214	607	291	4,112
Net book value at 31 December 2015	3,284	663	153	4,100

7.9 Investments

	2016 £'000	2015 £'000
Analysis of investments at 31 December by category of holding		
Listed investments	7,086	6,764
Cash held as part of the portfolio	41	67
	7,127	6,831
Analysis of investments at 31 December by location		
Investments held in the UK	5,875	5,520
Investments held outside the UK	1,252	1,311
	7,127	6,831
Analysis of movements in investments		
Valuation at 1 January 2016	6,764	6,899
Additions	1,507	983
Market value of disposals in year (proceeds: £1,947,000 (2015: £1,120,000))	(1,910)	(1,103)
Net unrealised gains	725	(15)
Valuation at 31 December 2016	7,086	6,764

The Trustees do not consider any particular investment holding to be material in the context of the investment portfolio.

7.10 Debtors

	2016 £'000	2015 £'000
Trade debtors	7	1,384
Other debtors	3,314	2,653
Prepayments	105	227
Accrued income	46	40
	3,472	4,304

7.11 Creditors

	2016 £'000	2015 £'000
Trade creditors	50	118
Other taxes and social security costs	-	159
Other creditors	14	3
Accruals	156	155
Deferred income	2,639	3,307
	2,859	3,742

7.12 Deferred income

	2016 £'000	2015 £'000
At 1 January 2016	3,307	2,958
Amount released in the year	(3,307)	(2,958)
Amount deferred in the year	2,639	3,307
At 31 December 2016	2,639	3,307

7.13 Analysis of net funds

	Opening balance £'000	Income £'000	Expenditure £'000	Net gains £'000	Closing balance £'000
Unrestricted funds					
General funds	11,614	4,203	(4,413)	762	12,166
Total unrestricted funds	11,614	4,203	(4,413)	762	12,166
Restricted funds					
Bayliss and Starling Society Fund	50	-	(6)	-	44
David Jordan International Teaching Fellowship Fund	39	-	(5)	-	34
Paton Prize Bursary Fund	21	-	-	-	21
Other restricted funds:	15	2	(2)	-	15
Total restricted funds	125	2	(13)	-	114
Total funds	11,739	4,205	(4,426)	762	12,280

In the financial year to 31 December 2014, the Bayliss and Starling Society transferred assets to the Society totalling £147,000 of which £50,000 was restricted to the Bayliss–Starling Prize Lecture and Focussed Symposium Grant, for the period of 10 years from 2016.

In 2008, The Society received a bequest from the estate of Professor David Jordan. As a fitting tribute to his memory, the Trustees proposed a new scheme, which commenced in 2010, that will help support physiology teaching worldwide. Funds of up to £10,000 are awarded per annum.

The Paton Prize Bursary Fund awards bursaries to promote the study of the history of major concepts that have shaped modern physiology.

There are three other restricted funds: the Sharpey-Schafer Prize Lecture Fund, the Michael de Burgh Daly Prize Lecture Fund and the Otto Hutter Physiology Teaching Prize Fund.

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

	2016 £'000	2015 £'000
Net movement in funds	541	(169)
Gains on investments	(762)	(2)
Depreciation charges	167	157
Decrease/(increase) in debtors	832	(545)
(Decrease)/increase in creditors	(883)	435
Dividends and interest	(156)	(143)
Net cash used in operating activities	(261)	(267)

7.15 Analysis of cash and cash equivalents

	2016 £'000	2015 £'000
Cash in hand	428	246
	428	246

7.16 Comparative SoFA per FRS 102 (SORP 2015)

	Unrestricted funds £'000	Restricted funds £'000	2015 Total £'000
Income from:			
Charitable activities	3,568	-	3,568
Investments	143	-	143
Other trading activities	104	-	104
Total	3,815	-	3,815
Expenditure on:			
<i>Raising funds:</i>			
Investment management costs	21	-	21
<i>Charitable activities:</i>			
Publications	1,785	-	1,785
Events	648	-	648
Membership services	556	-	556
Education and outreach	561	5	566
Policy	209	-	209
Other	201	-	201
Total	3,981	5	3,986
Net expenditure before gains on investments	(166)	(5)	(171)
Net gains on investments	2	-	2
Net movement in funds	(164)	(5)	(169)
<i>Reconciliation of funds:</i>			
Fund balances as at 1 January 2015	11,778	130	11,908
Fund balances as at 31 December 2015	11,614	125	11,739

8 Standing information

Registered Office

Hodgkin Huxley House, 30 Farringdon Lane, London EC1R 3AW

Trustees

Philip Aaronson
Deborah Baines
Guy Bewick
Sue Deuchars
Lucy Donaldson
David Eisner
Federico Formenti (from July 2016)
Blair Grubb (to July 2016)
Sarah Hall (from July 2016)
Judy Harris (to July 2016)
Anne King
Prem Kumar
Mike Ludwig
Bridget Lumb (from July 2016)
Graham McGeown (from July 2016)
Mary Morrell (to July 2016)
Ken O'Halloran (to March 2017)
Frank Sengpiel
Holly Shiels
Lucia Sivilotti (to July 2016)
Rachel Tribe
Richard Vaughan-Jones (to July 2016)

Key management personnel

Dariel Burdass, Chief Executive (from Dec 2016)
Nick Boross-Toby, Director of Marketing (to April 2017)
Casey Early, Chief Operations Officer (Interim Chief Executive to Dec 2016)
Simon Rallison, Director of Scientific Programmes

Bankers

Royal Bank of Scotland, Child & Co, 1 Fleet Street, London EC4Y 1BD

Solicitors

BPE Solicitors LLP, St James' House, St James' Square, Cheltenham GL50 3PR

Auditors

haysmacintyre, 26 Red Lion Square, London WC1R 4AG

Investment fund managers

Cazenove Capital Management Limited, 12 Moorgate, London EC2R 6DA

The Physiological Society
Hodgkin Huxley House
30 Farringdon Lane
London EC1R 3AW
United Kingdom

Registered Charity No. 211585.
Registered company in England
and Wales No. 323575
020 7269 5710
www.physoc.org

