

# Trustees' Annual Report and Accounts

for year ended 31 December 2021

Company number: 323575  
Registered charity: 211585

[www.physoc.org](http://www.physoc.org)

## Contents

1	Introduction from President and Chief Executive
1.1	Report of the Trustees
1.2	Financial Highlights
1.3	Charitable objects and public benefit
1.4	Strategic aims and performance
1.5	Structure, governance and management
1.6	Signing of report
2	Independent auditor's report
3	Statement of financial activities
4	Balance sheet
5	Statement of cash flows
6	Accounting policies
7	Notes to the financial statements
7.1	Income from charitable activities
7.2	Income from investments
7.3	Analysis of expenditure
7.4	Analysis of support and governance costs
7.5	Analysis of grants
7.6	Staff costs
7.7	Related party transactions
7.8	Tangible fixed assets
7.9	Investment property
7.10	Investments
7.11	Debtors
7.12	Creditors
7.13	Deferred income
7.14	Analysis of net funds
7.15	Reconciliation of net movement in funds to net cash flow from operating activities
7.16	Analysis of cash and cash equivalents
7.17	Comparative SoFA per FRS 102 (SORP 2015)
8	Standing information

# 1 Introduction from President and Chief Executive

## *Enhancing the visibility of physiology in an inclusive and sustainable manner*

As we look back at 2021, despite the backdrop of the pandemic, we are pleased to report on what has been an exciting and highly productive year for The Society, as we strive to increase the visibility of physiology in an inclusive and sustainable way.

### **Equality, Diversity and Inclusion**

Earlier this year we held the first event to launch our 'roadmap for change' where we discussed The Society's vision for Diversity and Inclusion. Led by our Equality, Diversity and Inclusion (EDI) Taskforce, we are now collaborating with a consultant to produce an EDI strategy that reflects the communities we serve and is inclusive of all cultures, experiences, and identities.

As part of building a strong community, we continued to work to improve our equality, diversity and inclusion. Our new video, '[Being Black in Physiology: Diversity for Scientific Excellence](#)' has already been watched over 5,000 times, and our [Aspiring Black Physiologist Competition](#) shows young, Black individuals that the way to scientific research is open to them.

### **Strong community**

The arrival of the Omicron variant was a stark reminder, should one have been needed, that the pandemic is not over. Since the pandemic began our focus has been to support our members through this unprecedented period. This support has continued throughout 2021 with a growing array of online professional development webinars to support members to progress their career. These are now held in our [video library](#) making them more accessible and searchable.

Being a member of The Physiological Society is being part of a community and we look to support members across all stages of their careers – providing a space for collaboration, connection, networking, and friendships to occur. As well as unlocking the potential for knowledge exchange.

This sense of community has always been a strength of The Society, and COVID-19 showed us the importance of facilitating this in new ways. Therefore, at the beginning of 2021 we launched our Member Community an online platform that allows all members to stay connected through forums and personalised content.

The Theme Leads have taken an active role in the Member Community and have begun to engage their Theme members in theme-specific discussions. We encourage all members to log on and introduce yourself to your fellow Theme members so that you can continue to develop your network.

### **Blue Plaques**

This has been a fantastic first year for our new commemorative Blue Plaque scheme which was launched in June. This initiative honours outstanding physiologists who have contributed to the advancement of physiology through their discoveries, while leaving a legacy beyond their lifetime.

With the blue plaques we aim to increase the prestige associated with the university departments, demonstrating the legacy of physiology academia to potential students as well as raising the visibility of physiology, giving the wider public an insight into the positive role that “the science of life” plays in their everyday lives.

The unveiling of the Blue Plaques has been accompanied by scientific lectures and Member Roadshows, where Trustees have had the opportunity to discuss recent Society activities with local members. We are planning an exciting programme of visits for 2022.

### Recognising and celebrating excellence in physiology

2021 also saw The Society deliver its first in person and online Member Forum, President’s Lecture and Award ceremony at the Royal Society – the UK’s oldest scientific academy in continuous existence.

The 2021 President’s Lecture was delivered by NASA astronaut and physiologist, Dr Jessica Meir, on the topic of ‘Experimenting in microgravity: Full circle for a scientist turned astronaut’. Our awards ceremony recognised the 2021 Rob Clarke recipients, and the Fellows and Honorary Fellows who received their awards in 2021. Honorary Fellowship is the highest honour that The Physiological Society presents to an individual and it recognises persons of distinction in science who have contributed to the advancement of physiology. Our 2021 Honorary Fellows were:

- Professor Carla J. Shatz Ph.D. ForMemRS, Stanford University, California, US
- Professor Christine Holt FRSB FMedSci FRS, University of Cambridge, UK
- Professor Dame Kay Davies CBE DBE FMedSci FRS, University of Oxford, UK
- Professor Maria Fitzgerald FMedSci FRS, University College London, UK
- Professor Melanie Welham FRSB, Biotechnology and Biological Sciences Research Council (BBSRC)
- Professor Fiona Watt FRS FMedSci, King’s College London, UK
- Rt Hon. Lord David Willetts FRS, Resolution Foundation

### Disseminating research

The Society’s publishing plays a significant role in our mission through the dissemination of leading-edge research. We have continued to ensure our journals remain flagships for physiology, where any researcher is proud to publish. During 2021 author and reader engagement via social media, newsletters and videos kept the community informed of our activities and we continued to make any COVID-19-related articles free to read to support the response effort. In 2021 we were pleased to appoint Peter Kohl as the next Editor-in-Chief of *The Journal of Physiology* (JP) and look forward to his term starting in 2022. Peter will be the first Editor-in-Chief of JP based in continental Europe. We use the surplus from our international publishing operation to support our community of physiologists, advance physiology and increase the influence of The Society with the public, policymakers, and other stakeholders.

We continued to deliver a portfolio of scientific events and conferences. While ongoing uncertainties around the pandemic meant we had to hold Physiology 2021 online rather than in Birmingham, as ever our Annual Conference brought together an exceptional scientific and professional development program. During the five days, hundreds of physiologists, at all stages of their career, came together in a true celebration of physiology. The enthusiasm of all our members and the wider physiology community was evident, and we would like to thank them for bringing such energy combined with high quality science to the week.

## Increasing our influence

Despite the pandemic, 2021 saw our most successful year in policy yet. We published a [range of reports](#):

- Translating UK Knowledge and Research into Impact
- The Future of Interdisciplinary Research Beyond REF2021
- Physiology and the COVID-19 Response
- A National Post-Pandemic Resilience Programme
- The Role of the UK Government in Supporting Interdisciplinary Research
- Physiology and Climate Change

The final report in the list was produced in the run up to the COP26 meeting in Glasgow and highlights the vital role physiology and physiologists play in the fight against climate change. This has led to our [COP26 Hub](#) and a workshop with Wellcome Trust, who now have 'Climate Change and Health' as a strategic priority, with further work planned early next year.

## Looking ahead to 2022

With a packed conference programme, new professional development activities, and even more opportunities to engage with the community, we have an exciting year ahead. 2022 also marks the final year of our strategy. It has enabled us, since 2018, to provide a clear framework to support The Society delivering its Vision of Physiology Flourishing. The next phase of our strategy will come into effect from January 2022 with a clear focus on raising the visibility of physiology, with the public, policy makers and physiologists, in an inclusive and sustainable manner

We thank you for your continued support.



*David Paterson*  
President



*Dariel Burdass*  
Chief Executive

## 1.1 Report of the Trustees

---

The Trustees are pleased to submit this report and the financial statements for the year ended 31 December 2021.

---

This is the Trustees' Annual Report and Accounts for the year ended 31 December 2021 for The Physiological Society ("The Society"). In preparing this report, the Trustees have complied with the Charities Act 2011, the Companies Act 2006, the Articles of Association ("Articles"), 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).

The 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 Society's Board of Trustees ("the Board") are also Directors of the Company. The governing document is the Articles of Association, and the Regulations is a Board document that complements the Articles in order to demonstrate greater clarity and transparency in The Society's processes. These documents can be found on The Society's website

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

### 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 Statements of Recommended Practice;
- 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.

## Annual Report and Accounts

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 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.

## 1.2 Financial Highlights

---

Our principal funding sources were from publications - £3,628,000 (2020: £4,023,000), events - £26,000 (2020: £3,000) and investments and investment property - £326,000 (2020: £365,000).

---

### Overview of the year

Charitable expenditure of £3,769,000 (2020: £3,565,000) was incurred during the year and has supported our charitable objects as set out in the statement of financial activities on page 26 of this report.

Publishing income (88% of total income) fell by £394,000 (9.8%).

Events income in 2021 increased by £23,000, from £3,000 in 2020 which included Physiology 2021, The Society's Annual Conference. In 2020, the impact of the COVID-19 pandemic led to the cancellation and delay of The Society's portfolio of events as face-to-face meetings were not possible.

Investment fund income, which is all reinvested, fell by £39,000 (11%). Rental income associated with the rental of space in Hodgkin Huxley House fell by £18,000 (9%) to £186,000 compared to £204,000 in 2020. To help safeguard the property asset, £500,000 has been designated to reflect the ten-year building maintenance programme.

In 2020, the impact of COVID-19 pandemic led to the postponement of number of external and internal meetings, public engagement, policy and communication activities alongside the awarding of travel grants. Some of these activities have been resumed with an overall increase in charitable spend of £213,000 over the period.

Overall, this has led to an operating surplus of £330,000 compared to £865,000 in the prior year. The surplus has arisen because of the continued impact of the COVID-19 pandemic on the planned expenditure for the year and the Trustees have therefore designated the total surplus for the year to the COVID-19 fund. This fund was originally set up in 2020.

### Investment performance

In 2021 the Board set up an Investment Policy Working Group and appointed consultants PWC to assist in reviewing and developing a new Investment Policy Statement to better support The Society's goals including incorporating a more robust Ethics, Sustainability and Governance Policy Statement (Responsible Investment Policy). The primary financial objective is to maintain and enhance the real value of the assets, through a combination of capital growth and income. The target rate of return will be to achieve UK CPI + 4% per annum, after fees and costs.

PWC were also appointed to assist in reviewing the Society's current investment management and assist in appointing new managers if appropriate. Following a robust process, the Board of Trustees took the decision to transfer the Society's portfolio to Rathbone Investment Management. The transfer was carried out in quarters three and four of 2021.

Following the net gain of £464,000 from the investment portfolio in 2020, the current turbulent year ended up returning a £968,000 gain representing a 8.3% return. As a result of this gain the total value of listed investments and cash held within the portfolio increased from £9,524,000 to £11,620,000. Since the end of the year there has been continued uncertainty and turmoil in the market due to the Russian invasion of Ukraine. At the end of May the investment portfolio was £10,435,270.

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.

The long-term investment target is inflation, as measured by Consumer Price Index (CPI), plus 4%. A composite benchmark, across three asset classes, is used in the quarterly valuations. In 2021, the managed portfolio returned a gain of 10.2% while the inflation target (CPI + 4.0%) amounted to a gain of 9.6%. The composite benchmark returned a gain of 13.1% for the same period. 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. Rathbone Greenbank Investments, our fund managers, have general discretion over the asset allocation and selection of investments within pre-agreed investment parameters as set out in our Investment Policy Statement.

### Reserves Policy

The Society reviews our reserves policy regularly. Our aim is to maintain our reserves at a sufficient level to ensure our financial resilience and sustainability, including protecting us against risks identified in the Risk Register. The Reserves policy balances the need to hold back reserves to ensure a sustainable financial position but also signals intentions to fulfil charitable objects to support current and future beneficiaries over the longer-term.

The major exposure in The Society's income portfolio is its dependence on publishing income, which represents around 88% of annual turnover. The high commitment to expenditure allied to substantial exposure to a single source of income is a major risk to the organisation. The Society has designated a Continuity Fund (£7.1m) to mitigate this risk and provide medium-term stability. The Continuity Fund ensures sufficient time to transition to alternative operating models, in an orderly fashion, should publishing income collapse. The Continuity Fund was initially established to represent 24 months operating costs excluding publishing, grants expenditure and one-off costs. These are around 40% staff costs that cannot be immediately adjusted in a new operating environment. However, in light of the strong investment performance and increased uncertainty over publishing the Board of Trustees agreed in 2021 to increase the continuity fund to cover an additional 6 months operating costs.

The Society has further designated a HHH Property Fund (£4,681,000) comprising the current carrying value of The Society's freehold property in London, currently split between tangible fixed assets (held at depreciated cost) and investment property (held at market value), and as such it is not available to meet the general running costs of The Society. As well as non-property fixed assets, £0.5m has been designated to an HHH Maintenance Fund to recognise essential future spending associated with the maintenance of the freehold property.

The Strategic Investment Fund will be allocated to new activities and specific major projects specified in the 2018-22 Strategic Plan, for example, an Innovation Fund to support sustainability, for which a sum of £1,075,000 has been designated. In 2022 this Fund was used to trial The Society's first in person Member Forum, President's Lecture and Award ceremony a celebration of physiology, physiologists and The Society.

### COVID-19 Fund

Due to the ongoing COVID-19 pandemic, the Society has designated the surplus arising in 2020 and 2021 into a specific COVID-19 fund. The fund has been set aside for the following purposes:

- to acknowledge the one-off nature of these monies and the need to fund a number of delayed activities into the future to raise the visibility of The Society and the discipline;
- to support any shortfall in income from publications due to the uncertain landscape;

- to cover the costs of external consultancy support where specialist knowledge, expertise and independent professional opinion is required, for example to build membership engagement and numbers alongside and increasing inclusion and diversity across The Societies activities;

The Society holds the balance of reserves to ensure it can meet its operational needs and working capital requirements (the free reserve). The free reserve aims to hold approximately six months operating costs, currently £1.9m excluding third party operating costs and grants, to provide operational cash flow. At 31 December 2021 free reserves held totalled £2.9m, however since the Balance Sheet date the growing uncertainty in the academic publication sector means there is likely to be an ongoing reduction in income and these available reserves may need to be utilised.

## 1.3 Charitable objects of The Society

The objects of The Society as set out in its Articles are:

*'to promote for the benefit of the public the advancement of Physiology, and facilitate the interaction of physiologists, both at home and abroad, and thereby contribute to the progress and understanding of bio-medical and related sciences and the detection, prevention and treatment of disease, disability and malfunction of physical processes in all forms of life.'*

### Public benefit

In reviewing The Society's performance during the year, the Board has had regard to the guidance on public benefit issued by the Charity Commission. The benefits provided by The Society to realise our objects and promote the advancement of physiology 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, conferences and training courses;
- the promotion of the importance of physiology and how research translates to improving human health to the public and key stakeholders including policy makers through free public lectures, resources and other outreach activities; and
- the support of our members who conduct research within the discipline.

### Vision, purpose

To further the objects of The Society, The Society has developed a five-year strategic plan with a clear vision. For over 140 years, The Society has been at the forefront of the life sciences, and the increasing pace of change in the modern world demands a clear strategic focus in how it will meet the challenges that current political, economic and societal uncertainty brings.

#### Vision

Physiology flourishing

#### Purpose

To advance physiology in order to foster the understanding and improvement of life

#### Strategic aims

In the next 3 – 5 years, increase recognition that physiology is essential to solving the health challenges faced throughout life.

Underpinning the Vision, Purpose and the overall objective for The Society are four distinctive but interconnecting strands which are the key strategic aims reported on in this document.

- Publications
  - Making our journals flagships for physiology, where any researcher is proud to publish.
- Conferences
  - Advancing physiology through our conferences: excellent science, wide and active participation, lasting impact.
- Engagement

## Annual Report and Accounts

- Engage for success – improving our two-way commitment and communication to increase recognition of the importance of physiology.
- Internal Processes
  - Harnessing technology, working smarter, increasing transparency and improving performance to support delivery of the strategy.

The members are at the heart of The Society. They are the passionate advocates for the cause, and key to the success of our strategy is to inspire and empower them to engage with others about physiology. Physiology is the science of life, and everyone involved in this field owes it to future generations to ensure it continues to thrive; to do this The Society must ensure it meets the needs of the next generation of physiologists.

### Values

To achieve our Purpose, we use three guiding principles which apply to the way we work, both internally and externally.

1. Act with integrity; being fair and transparent in our processes, taking time to listen and being respectful of different viewpoints, and being accountable for our actions and ensuring our decisions are evidence-based.
2. Be inspiring; expanding horizons and being open to new opportunities, being innovative and forward-thinking in our approach to work, realising potential by sharing skills, knowledge and ideas.
3. Be collaborative; providing opportunities for networking, being supportive of our colleagues to deliver our Vision, enriching physiology to enhance the future of the discipline.

## 1.4 Strategic aims and performance

### Publications

*Making our journals flagships for physiology, where any researcher is proud to publish*

As noted in previous reports, although the publishing strategy largely applies to all three journals, *Physiological Reports* (PR) is owned and published jointly with the American Physiological Society and its strategy is set by the Joint Management Board rather than solely by The Society.

Although the day-to-day operations of publishing the journals continued efficiently in 2021, the effects of the pandemic were felt with lower submissions of original research to both *The Journal of Physiology* (JP) and *Experimental Physiology* (EP) in 2021 compared to 2020 (-15% and -12% respectively). The causes of the decrease are unknown but is likely in part caused by the reduced time researchers were able to spend in the lab, supply issues with lab materials and equipment, and the restrictions placed on human-participation research in clinical settings due to the pandemic. Both journals saw a more marked decrease in submissions in subject areas that are usually associated with human studies. If these are the reasons for the decline in submissions, the journals are likely to see sustained decline into 2022.

By contrast *Physiological Reports* showed strong growth, with total submissions increasing by 6%, to 558 from 528 in 2020. Of these submissions 40% were direct and 60% were transfers from The Society's and the APS's other journals.

Invited content of JP and EP also declined. Sponsoring symposia and inviting reviews from speakers has been a long-term source of reviews for JP in particular, so the postponement/cancellation of events may have resulted in a corresponding decline in the number of reviews submitted over the past two years.

In 2021 we were pleased to appoint Peter Kohl as the next Editor-in-Chief of JP and look forward to his term starting in 2022. Peter will be the first Editor-in-Chief of JP based in continental Europe.

#	Objective	Activity	Performance/impact
1	Building the community	<ul style="list-style-type: none"> <li>The JP Editorial Board Fellowship scheme, which invites early-career-stage physiologists to apply to join the Editorial Board of JP under the mentorship of a Senior Editor, continued to attract many outstanding applications.</li> </ul>	<ul style="list-style-type: none"> <li>Out of 50 applications in 2021, 10 new Fellows were appointed. The 2019 cohort of Fellows proved to be of such a high calibre that four of them were appointed as Reviewing Editors. The ‘promotion’ of eight Fellows to the main Board since the scheme was launched has helped to diversify the composition of the Board.</li> </ul>
		<ul style="list-style-type: none"> <li>Promoted JP to readers and authors in India via a publishing webinar aimed at Early Career Researchers (ECRs). This showcased <i>The Journal’s</i> strengths, the quality of the peer review process and the benefits offered to authors.</li> </ul>	<ul style="list-style-type: none"> <li>Improved quality of submissions from India.</li> </ul>
2	Developing the brands	<ul style="list-style-type: none"> <li>The JP Virtual Journal Club (VJC) continued in 2021 after its successful launch in 2020. This has helped engage ECRs with journal content and showcased our research to a wider community.</li> </ul>	<ul style="list-style-type: none"> <li>We hosted 13 VJCs webinars in 2021 and a had good number of attendees participating in discussions.</li> </ul>
		<ul style="list-style-type: none"> <li>In 2021 JP rolled out the introduction of Abstract Figures for all original research papers. Authors have access to a premium BioRender account to ensure a consistent and visually appealing style is used.</li> </ul>	<ul style="list-style-type: none"> <li>Clear, professional and journal-branded schematic figures in articles, which when shared and re-used promote JP’s brand and commitment to authors by offering this service.</li> </ul>
3	Raising the bar for scientific integrity	<ul style="list-style-type: none"> <li>Improved Information for Authors.</li> </ul>	<ul style="list-style-type: none"> <li>Clearer and more straightforward instructions given to authors on how they can write the most compelling articles by conforming to</li> </ul>

<b>3</b>	<b>Raising the bar for scientific integrity</b>		journal standards and requirements.
		<ul style="list-style-type: none"> <li>EP launched a new statistics policy for the reporting and presentation of data.</li> </ul>	<ul style="list-style-type: none"> <li>Increased transparency and rigor in the reporting and analysis of data in published articles.</li> </ul>
		<ul style="list-style-type: none"> <li>Open Science Badges introduced for both JP and EP.</li> </ul>	<ul style="list-style-type: none"> <li>Clear visual cue for readers and an ‘award’ for authors who promote the principles of the Open Science movement.</li> </ul>
		<ul style="list-style-type: none"> <li>JP introduced the publication of the peer review history of all accepted manuscripts.</li> </ul>	<ul style="list-style-type: none"> <li>Increased transparency of editorial decision-making and an educational tool for researchers, especially ECRs.</li> </ul>
<b>4</b>	<b>Transition to Open Access</b>	<ul style="list-style-type: none"> <li>More ‘Read and Publish’ deals negotiated by Wiley.</li> </ul>	Increased proportion of Open Access papers published in JP and EP as the fees for publication are covered by deals at both at a country and an institutional level.
		<ul style="list-style-type: none"> <li>In-principle decision made to ‘flip’ EP to Open Access in 2023.</li> </ul>	Another Open Access journal in The Society’s portfolio, ensuring EP remains a viable and competitive journal for researchers requiring Open Access publishing venue.
<b>5</b>	<b>Future Plans – 2022 and beyond</b>	<ul style="list-style-type: none"> <li>Appointment and training of new Editors-in-Chief for all three journals.</li> </ul>	
		<ul style="list-style-type: none"> <li>Position EP to flip to Open Access.</li> </ul>	
		<ul style="list-style-type: none"> <li>Attract increased good-quality submissions for all three journals.</li> </ul>	
		<ul style="list-style-type: none"> <li>Improved pipeline of invited content.</li> </ul>	
		<ul style="list-style-type: none"> <li>Add clarity on/streamline journal and editorial policy.</li> </ul>	
		<ul style="list-style-type: none"> <li>More effective conference attendance.</li> </ul>	

## Conferences

*Advancing physiology through our conferences: excellent science, wide and active participation, lasting impact*

Researchers attend scientific conferences to present new work and receive feedback from their peers, to make connections with other scientists, to learn about new research, techniques and ideas, and to catch up with friends and colleagues. Conferences also have a role in setting the direction of research, particularly by highlighting hot topics. Through its programme of meetings, The Society showcases physiological research, spotlights new areas of discovery, delivers training for early career researchers and provides an opportunity for physiologists to interact.

Much of the 2021 programme of conferences, meetings and symposia was populated by events that had been postponed from 2020. While the first half of 2021 was a continuation of 2020 and was dominated by online conferences, the second half (when restrictions were lifted) enabled The Society to work with other teams internally in running smaller Member Roadshows to explore what a return to in-person meetings could look like.

The Society built on its experience from 2020 in running online conferences and was able to offer more sophisticated and complex meetings. Contracting the virtual event platform EventsAIR enabled live or pre-recorded presentations with panel discussions and audience Q and A, poster sessions with live presentations, and networking in the meeting hub.

The Society’s strategy for 2018–21 referred to “a prediction that rising travel costs and the advent of social-media communities would signal the end of the academic conference” but it also countered “face-to-face interaction, live presentation and the chance to visit a new city still have immense appeal”. The members’ warm anticipation of in-person events resuming suggests that there is indeed still plenty of scope for in-person conferences. For example, from the Physiology 2021 feedback: ‘I appreciate that online conferences are convenient and easy to deliver but nothing beats the randomness of in-person meetings’.

#	Objective	Activity	Performance/impact
1	<b>Be innovative in our approach to meetings</b>	<ul style="list-style-type: none"> <li>▪ The decision to move the Annual Conference, Physiology 2021, from an in-person conference in Birmingham to online only was made early in 2021 following the rise in the alpha variant of COVID-19.</li> <li>▪ This early decision by the Board enabled the Events Team to review, select and test the right virtual event portal for The Society’s Annual Conference. This portal was tested during Future Physiology 2021 and the feedback meant that changes could be made to ensure the best experience for those attending P21.</li> <li>▪ The virtual and innovative platform enabled live or pre-recorded presentations with panel discussions and audience Q and A, poster sessions with live presentations, and also networking in the meeting hub.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 88% of people attending rated the conference as excellent or good</li> <li>▪ 90% of people attending rated the virtual event platform as excellent or good</li> <li>▪ 89% of people attending felt that the online format worked well for the conference</li> <li>▪ 98% of people attending would recommend this conference to a colleague, collaborator or peer</li> <li>▪ Comments from the feedback included:               <ul style="list-style-type: none"> <li>– ‘Well run, preferred it being online’</li> </ul> </li> </ul>

			<ul style="list-style-type: none"> <li>– ‘Physiology 2021 was an excellent experience!’</li> <li>– ‘Engaging and inspiring!’</li> </ul>
2	<b>Play a leadership role in developing strategic partnerships that advance the knowledge and understanding of physiology</b>	<ul style="list-style-type: none"> <li>▪ To build on the success of the 2020 online conference, COVID-19: Lessons Learned from the Frontline, The Society made plans for the online conference, ‘Long COVID: Mechanisms, Risk Factors, and Recovery’.</li> <li>▪ Bringing together physiologists and clinicians helps to better understand the underlying mechanisms and identify potential therapies for long COVID.</li> <li>▪ Conferences Committee identified strategic partners to work with including the Intensive Care Society, Academy of Medical Sciences, Academy of Healthcare Sciences, the UK Clinical Virology network and Long COVID SOS.</li> </ul>	<ul style="list-style-type: none"> <li>▪ As of 31 December 2021, 97 people had registered for the conference.</li> <li>▪ Registrants include those from NHS trusts across the UK.</li> </ul>
3	<b>Coordinate with The Society’s other activities</b>	<ul style="list-style-type: none"> <li>▪ The Events team worked across all teams on the 2021 Member Forum and President’s Lecture, which was a hybrid event.</li> </ul>	<ul style="list-style-type: none"> <li>▪ These events brought together membership, professional development and engagement, communications and governance.</li> </ul>
4	<b>Ensure evaluation is embedded into our programmes</b>	<ul style="list-style-type: none"> <li>▪ Collecting data, both quantitative and qualitative, is critical in evaluating and assessing the role in The Society’s portfolio of events that the new style of conferences and meetings offered.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 39% of those that attended Physiology 2021 felt that the Annual Conference should be held online again.</li> <li>▪ 34% of those that attended Physiology 2021 would not have attended the in-person event.</li> </ul>
5	<b>Introduce more audience participation</b>	<ul style="list-style-type: none"> <li>▪ The virtual events platform allowed the allocation of points to people attending the meeting to encourage attendees to engage with the online platform, sessions, and each other. This gamification was useful in helping generate a feeling of community rather than being a passive attendee.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Comments from the feedback for Physiology 2021 included:           <ul style="list-style-type: none"> <li>– ‘Most of all, however, it has been wonderful to connect with science and scientists through this conference after a year or more of home working. I loved the meeting hub ; it made</li> </ul> </li> </ul>

			it feel almost like a 'proper' meeting!
6	<b>Research opportunities for new styles of meeting</b>	<ul style="list-style-type: none"> <li>The 2021 Member Forum and President's Lecture was held as a hybrid meeting in person at the Royal Society and also online.</li> </ul>	<ul style="list-style-type: none"> <li>Around 60 people attended in person at the Royal Society for the Member Forum and President's Lecture.</li> <li>18 people attended the Member Forum online.</li> <li>86 people attended the President's Lecture online.</li> </ul>
7	<b>Agree a sustainable business model for our meetings programme</b>	<ul style="list-style-type: none"> <li>With many conferences in 2021 and 2022 postponed from 2020 the work on this will be a priority for 2022.</li> </ul>	<ul style="list-style-type: none"> <li>After a successful trial run, the role of online events will be considered in The Society's planning either as stand-alone events or as part of hybrid events which could have in-person and virtual components.</li> </ul>
8	<b>Online frees events from geographical constraints other than time zones and differences in access to technology.</b>	<ul style="list-style-type: none"> <li>For all online conferences that were held on the virtual event platform, each talk was recorded and made available to watch on demand.</li> <li>Similarly, all live streams had two back-up streams where the content was recorded. If an attendee experienced technical issues, the streams could be watched on a 30-second delay.</li> </ul>	<ul style="list-style-type: none"> <li>The Annual Review Prize Lecture increased the audience by 35% with the lecture being available to view on demand.</li> <li>The Annual Conference, Physiology 2021, was attended by a vibrant community of close to 600 scientists from 45 countries.</li> </ul>
9	<b>Review the roles of the Theme Leads and Meetings Committee to ensure that we are using the right group to decide on programmes and content</b>	<ul style="list-style-type: none"> <li>The newly appointed Early Career Theme Leads organised Future Physiology 2021 and the programme spanned all Society Themes.</li> <li>Conferences Committee recruited a member with clinical expertise.</li> </ul>	<ul style="list-style-type: none"> <li>The programme for Future Physiology 2021 was the most balanced and inclusive to date.</li> </ul>

## Communities: Engagement

*Engage for success – improving our two-way commitment and communication to increase recognition of the importance of physiology*

The goal of the engagement strategy is to increase awareness of physiology to strengthen the pipeline of physiologists across the discipline. The successful achievement of this goal will be measured by an increase in The Society's membership numbers and the number of engaged members.

The COVID-19 pandemic continues to challenge long-established methods of communication amongst members and the wider physiological community. The obstacles it presents push The Society to continue innovating and, in 2021, a new online Member Community was launched. Whilst the infrastructure is there, we recognise the need to nurture new and existing communities who, through shared experience or situation, would benefit from being connected and using an online forum to network.

In 2021 we reflected this drive to encourage peer support and networking with the introduction of a *Communities* Committee. The Communities Committee, together with a newly formed Policy Committee, will continue the work of the Education, Public Engagement and Policy Committee. The Communities Committee will continue to support the career progression of physiologists through the provision of careers information, training and professional development, and the reward and recognition of excellence.

The Policy Committee was established in December 2021 and is responsible for overseeing the delivery of The Society's strategic priority on policy – working to ensure that physiology is a well-funded, high-profile discipline where physiologists can operate in a supportive policy landscape.

#	Objective	Activity	Performance/impact
1	Increasing the level of engagement of our members and the number delivering engagement activities	<ul style="list-style-type: none"> <li>The new membership categories were introduced in 2021 and all members were required to actively renew onto the most appropriate category for them. The categories have been designed to increase inclusivity and engagement, with only first year undergraduates now eligible for a fee waiver.</li> </ul>	<ul style="list-style-type: none"> <li>With the introduction of membership fees to undergraduate and retired categories, The Society saw a large reduction of members in these categories – 92% of Undergraduates and 73% of Retired members lapsed, respectively. However, all members in these categories have now taken an active decision and commitment to be with The Society boosting confidence the overall engagement levels are increased on previous years.</li> </ul>
		<ul style="list-style-type: none"> <li>In 2021, The Society ran three online programmes of professional development. The programmes, each of which had at least three sessions, were designed to support career progression at key points in a members' career.</li> </ul>	<ul style="list-style-type: none"> <li>The professional development programmes throughout 2021 were attended by: 53 individuals (Knowledge Exchange), 61 (Teaching and Learning webinars), and 51 (Public Engagement Training).</li> </ul>
		<ul style="list-style-type: none"> <li>In 2021, The Society, visited six institutions across the UK to unveil Blue plaques to honour the physiologists who have contributed to the advancement of the discipline and left a legacy beyond their lifetime.</li> </ul>	<ul style="list-style-type: none"> <li>The Society was represented by the President and Chief Executive Officer at each of the six universities, and usually accompanied by additional Board members. The events provided an opportunity to showcase local science (past and present), visit the membership, highlight some of the benefits of membership and raise</li> </ul>

			the profile of physiology on an institutional level.
2	Increasing the number of young people choosing to study physiology-based courses through traditional routes and emerging educational options.	<ul style="list-style-type: none"> <li>In 2021, 37 undergraduate members were awarded and undertook a summer studentship; this scheme provides undergraduates with funding to undertake an 8-week research project in the lab of a member.</li> </ul>	<ul style="list-style-type: none"> <li>The summer studentship provides an important opportunity for students to validate or inform their plans for a research career in physiology.</li> </ul>
		<ul style="list-style-type: none"> <li>We ran a series of undergraduate webinars to support undergraduate research and inform career choices.</li> </ul>	<ul style="list-style-type: none"> <li>163 individuals attended the undergraduate series.</li> </ul>
3	Developing a policy and funding environment favourable to physiology	<ul style="list-style-type: none"> <li>We carried out policy projects focused on i) knowledge exchange activity related to physiology; ii) improving the interdisciplinary research environment; iii) informing public health advice emerging from the COVID-19 pandemic; (iv) the contribution of physiologists to tackling climate change.</li> </ul>	<ul style="list-style-type: none"> <li>During 2021 The Society met with nearly 200 stakeholders representing over 100 organisations to advance the cause of physiology. This includes, for example, informing spending review bids, submitting consultation responses and engaging directly with physiology funding organisations.</li> </ul>
4	Increasing the understanding of physiology among our target audience and increase the visibility of physiological research in the media – in particular, the importance of physiology to lifelong health	<ul style="list-style-type: none"> <li>The Society produced a 3-minute animation called ‘Being Black in Physiology: Diversity for Scientific Excellence’, which interviews three Black academics about their experiences in academia and highlights the fantastic research that they are carrying out to improve our understanding of how the body works in health and disease.</li> </ul>	<ul style="list-style-type: none"> <li>The video was watched on social media 4,500 times and generated 43,837 impressions.</li> </ul>
5	Future Plans – 2022 and beyond	<ul style="list-style-type: none"> <li>The new grants programme will complete its first cycle in 2021; this programme has been designed to support career development and reward membership loyalty.</li> <li>Six more plaques will be unveiled in Universities across the UK and Ireland, with additional visits made to institutions that do not have blue plaques.</li> </ul>	

5	<b>Future Plans – 2022 and beyond</b>	<ul style="list-style-type: none"> <li>▪ Our policy plan for 2022 builds directly on our 2021 activities, with further projects focused on key areas required for the delivery of our strategic objectives. This will include a focus on healthy ageing, climate change and health, knowledge exchange and interdisciplinary research environment.</li> </ul>	
---	---------------------------------------	---	--

## 1.5 Structure, governance and management

### Board of Trustees

We are governed by our Board of Trustees, members of which are elected or appointed in accordance with our Articles of Association and Regulations. The Trustees are ultimately responsible for the overall strategy, governance, management and Board 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 Board meets four times a year. The normal length of service on the Board is four years. The current size of the Board is thirteen, including two independent Trustees and an Early Career Trustee. Board meetings are chaired by the President. From 2021 the General Trustees shall always include in their number one-person resident in the Republic of Ireland. Its full composition is detailed on page 44 of this report.

### 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 Board policies. They are also required to sign a Trustee Code of Conduct agreement and complete a Conflicts of Interest declaration survey. Trustees attend introductory meetings with each member of the Senior Management Team to familiarise themselves with The Societies activities, strategy, and priorities. In addition, all trustees are encouraged to attend training courses, for example, those targeted for Trustees run by the Civil Society. In 2021 an Induction Day was held with the President and Chief Executive for all new Trustees of The Society.

### Governance structure

It is the Board of Trustees' collective responsibility to set the strategy to deliver The Society's charitable objects and to ensure the effective governance of the charity. The Board then in turn delegates details of the governance oversight and delivery of the strategy to a series of committees and smaller groups which report back to the Board quarterly. The four advisory committees are Conferences, Publications, Communities, and Policy. Each Advisory committee has a Membership Champion at established career level; An early career Membership Champion; A Diversity and Inclusion Champion. This person may also be one of the two Membership Champions. The three governance committees are Finance, Nominations, and Remuneration.

Further details regarding the governance of The Society including the Articles of Association, Regulations, Trustee Annual Reports and Board make-up can be found on the [governance pages](#) of The Society's website.

### Management and administration

The Society operates out of Hodgkin Huxley House, which was acquired in 2012. The Chief Executive is the senior executive of The Society appointed by the Board and is accountable to the Board through the Chair. The Board has delegated day to day responsibility for the operational decisions and administration of The Society to the

Chief Executive to manage The Society's activities for optimal performance, including the plans, setting balanced budgets, property and staffing and other resources of The Society in accordance with the strategic and budgetary parameters and risk management strategy. All decisions, apart from those delegated to the Chief Executive as set out in the Delegated Authority Framework are made by the Board. Anything outside the approved Strategic Framework or Budget must be approved by the Board. For the efficient and effective management and proper operation of The Society, the Chief Executive delegates at their discretion a number of their responsibilities to the Senior Management Team (SMT) and other employees. This further delegation of responsibilities does not release the Chief Executive from the overall responsibility which has been delegated to them by the Board.

#### Key management personnel remuneration

The key management personnel of The Society comprise the Board of Trustees, the Chief Executive and all other members of the SMT 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 all Trustee expenses and related party transactions are disclosed in note 7.7 to the accounts.

Trustees have a legal obligation under Charity Law to act in the best interests of The Society, in accordance with The Society's Articles, and to effectively manage situations where there may be a potential conflict of interest. The Society adopted a Conflicts of Interest policy in 2019 which details how to identify, manage and report conflicts of interest. Trustees and SMT are required to disclose all relevant interests and register them with the Governance and Risk Manager and manage them in accordance with The Society's Conflicts of Interest Policy. Trustees complete an annual declaration of related party interests which informs the Society's Register of Interests. The Articles of Association also include a section on Conflicts of interests and conflicts of loyalty which stipulate what trustees must do when they arise.

The pay of the Chief Executive is reviewed annually by the Remuneration Committee, 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 against similar membership organisations in the sector and the relevant location, or with reference to sector reports to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles. While the Chief Executive is responsible for determining staff salaries, within the approved salary budget set by the Board, the provision of such information could be required for due diligence purposes.

#### Member Forum

On 19 November 2021, The Society hosted its second annual Members Forum (and first in-person Member Forum) at The Royal Society which provided members with an opportunity to hear from the President, Chief Executive, Honorary Treasurer, Incoming Trustees and Editors-in-Chief about our activities and future plans. To retain transparency and enable open discussion between the Board and the membership there was opportunity for members to ask questions. An awards ceremony recognised new Honorary Members, Fellows and Rob Clarke Award winners. The event was recorded and can be viewed on [The Society's YouTube Channel](#).

#### Principal risks and uncertainties

The Trustees identify their approach to risk as aiming to minimise adversity and maximise opportunities to balance the successful advancement of The Society's charitable objects with appropriate due diligence and financial prudence to safeguard a sustainable future for The Society and for the physiology discipline. Trustees acknowledge that risk-taking at a strategic level is necessary for innovation and opportunity and consider a balance of prudence and venture essential to successful management of the organisation and realisation of its objectives.

In 2021 The Society adopted a new online risk management platform *Decision Time*, after the original spreadsheet approach became unwieldy. The scoring remains the same (Likelihood x Impact + Impact) as do the

risk categories (Governance, Regulatory, Financial, Environmental and External, and Law and Regulation Compliance).

A major improvement of the platform includes a new Implications section which allows for the input of Causes and Consequences associated with a risk. This enables broader, more concise, risk categories with the various causes and consequences sitting beneath. The risk controls are then mapped directly to the risk causes so that all controls address the known causes. The platform also includes deadlines and review dates for actions and controls, which are automatically flagged to risk owners.

The highest risk to The Society remains its dependency on a single source of income (publishing income), the expiry of The Society's publishing contract in 2026, changes to the publishing landscape (for example, Open Access) and threats from COVID-19. To address this risk Trustees have established a Publishing Strategy Task and Finish Group (PST&FG). The role of this group is to develop a publishing strategy that will best protect The Society's income stream while maintaining the reputation of our journals.

Other key risks include the long-term future of the investment property Hodgkin Huxley House and the implementation of a new strategy post-2022. Trustees will be heavily involved in the strategy review 2022-2025 which will build on the President's Road map of Visibility, Inclusion and Sustainability and set out new priorities for the post-COVID era.

#### Diversity & Inclusion

In April 2021, The Society launched a "Roadmap for Change" highlighting a commitment to pursuing a more diverse and inclusive membership. An external consultant was engaged to drive this work forward, starting with a piece of research to identify The Society's current position and benchmark it against the wider sector. The work will conclude in 2022 and will inform The Society's new strategy.

In October 2021, The Society produced a 3-minute animation called '*Being Black in Physiology: Diversity for Scientific Excellence*'. The video was watched on social media 4,500 times and generated 43,837 impressions. The Society's magazine, *Physiology News*, ran a second themed issue on Diversity and Inclusion. The Society supported an allyship training workshop for its members, which was run by Ladders4action.

*The Journal of Physiology* and *Experimental Physiology* also adopted a new policy relating to the colour accessibility of our published content. The Publisher for The Society's journals, Wiley, has also adopted a new author name change policy.

#### 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, grant reviewers and volunteers to support our events and activities. The Trustees wish to thank all those who have supported The Society over the last year.


## 1.6 Signing of report

This report was approved and authorised for issue by the Trustees of The Physiological Society and signed on this 24th day of June 2022 on their behalf by:



*David Paterson*

*President*



*Frank Sengpiel*

*Honorary Treasurer*

## 2 Independent auditor's report to the members of The Physiological Society

### Opinion

We have audited the financial statements of The Physiological Society for the year ended 31 December 2021, which comprise the statement of financial activities, the balance sheets, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of the charitable company'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 charitable company 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the Trustee's Annual Report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report, which is also the directors' report for the purposes of company law, 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

## Responsibilities of trustees

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

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

## 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the charity and the sector in which it operates. We determined that the following laws and regulations were most significant: 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), the Companies Act 2006 and the Charities Act 2011.

- We understood how the charity is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes and papers provided to the Finance Committee.
- We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - ◇ Identifying and assessing the design effectiveness of controls in place to prevent and detect fraud;
  - ◇ Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - ◇ Challenging assumptions and judgements made by management in its significant accounting estimates;
  - ◇ Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
  - ◇ Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the relevant financial statement item to which they relate.

We did not identify any irregularities, including fraud.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

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

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

# 3 Statement of financial activities

For the year ended 31 December 2021

	Note	Unrestricted funds £'000	Restricted funds £'000	2021 Total £'000	2020 Total £'000
<b>Income from:</b>					
Donations					-
Charitable activities	7.1	3,804	-	<b>3,804</b>	4,087
Investments	7.2	326	-	<b>326</b>	365
Other trading activities		-	-	-	-
<b>Total</b>		<b>4,130</b>	<b>-</b>	<b>4,130</b>	<b>4,452</b>
<b>Expenditure on:</b>					
<i>Raising funds:</i>					
Investment management costs		31	-	<b>31</b>	22
<i>Charitable activities:</i>					
Publications		1,426	-	<b>1,426</b>	1,487
Events		564	1	<b>565</b>	455
Engagement		1,613	12	<b>1,625</b>	1,444
Other		153	-	<b>153</b>	179
<b>Total</b>	7.3	<b>3,787</b>	<b>13</b>	<b>3,800</b>	<b>3,587</b>
<b>Net income / (expenditure) before gains on investments</b>					
		<b>343</b>	<b>(13)</b>	<b>330</b>	<b>865</b>
Net gains on investments		968	-	<b>968</b>	464
(Losses) on revaluation of investment property		-	-	-	(514)
<b>Net movement in funds</b>		<b>1,311</b>	<b>(13)</b>	<b>1,298</b>	<b>815</b>
Reconciliation of funds					
Fund balances as at 1 January 2021		16,395	97	<b>16,492</b>	15,677
<b>Fund balances as at 31 December 2021</b>		<b>17,706</b>	<b>84</b>	<b>17,790</b>	<b>16,492</b>

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 and not been prepared. The accounting policies on page 29 to 31 and the notes on pages 32 to 43 form part of these accounts.

# 4 Balance sheet (Company Number: 323575)

As at 31 December 2021

	Note	Unrestricted funds £'000	Restricted funds £'000	2021 Total £'000	2020 Total £'000
<b>Fixed assets</b>					
Tangible assets	7.8	1,811	-	<b>1,811</b>	1,926
Investment Property	7.9	2,900	-	<b>2,900</b>	2,900
Investments	7.10	11,620	-	<b>11,620</b>	9,524
		<b>16,331</b>	<b>-</b>	<b>16,331</b>	<b>14,350</b>
<b>Current assets</b>					
Debtors	7.11	148	-	<b>148</b>	458
Cash & cash equivalents	7.16	5,080	84	<b>5,164</b>	5,791
		<b>5,228</b>	<b>84</b>	<b>5,312</b>	<b>6,249</b>
<b>Liabilities</b>					
Creditors falling due within one year	7.12	(3,853)	-	<b>(3,853)</b>	(4,107)
<b>Net current assets</b>		<b>1,375</b>	<b>84</b>	<b>1,459</b>	<b>2,142</b>
<b>Net assets</b>		<b>17,706</b>	<b>84</b>	<b>17,790</b>	<b>16,492</b>
Unrestricted funds - General	7.14	2,970	-	<b>2,970</b>	3,497
Designated funds	7.14	14,736	-	<b>14,736</b>	12,898
Restricted funds	7.14	-	84	<b>84</b>	97
<b>Total funds</b>		<b>17,706</b>	<b>84</b>	<b>17,790</b>	<b>16,492</b>

The accounting policies on page 29 and the notes on pages 32 form part of these accounts.

This report was approved and authorised for issue by the Trustees of The Physiological Society and signed on this 24th day of June 2022 on their behalf by:

*David Patterson*

*President*

*Frank Sengpiel*

*Honorary Treasurer*

# 5 Statement of cash flows

For the year ended 31 December 2021

	Note	2021 Total £'000	2020 Total £'000
<b>Cash flows from operating activities:</b>	7.15	<b>176</b>	722
<b><i>Cash flows from investing activities:</i></b>			
Dividends and interest		<b>326</b>	365
Purchase of investments		<b>(12,700)</b>	(2,340)
Movement in cash awaiting investment		<b>177</b>	1,093
Proceeds from sale of investments		<b>11,394</b>	2,140
<b>Net cash provided by investing activities</b>		<b>(803)</b>	<b>1,258</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(627)</b>	1,980
Cash and cash equivalents at the beginning of the year		<b>5,791</b>	3,811
<b>Cash and cash equivalents at the end of the year</b>		<b>5,164</b>	<b>5,791</b>

	01/01/2020 £'000	Cashflows £'000	31/12/2021 £'000
<b>Analysis of Net Debt</b>			
Cash at Bank	5,791	(627)	5,164
Cash held by investment manager	267	(176)	91
<b>Total</b>	<b>6,058</b>	<b>(803)</b>	<b>5,255</b>

# Accounting policies

---

For the year ended 31 December 2021

---

## 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), second edition of the Charities SORP (published October 2019), 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 FRS102. 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 John Wiley & Sons Limited, and after considering future I&E and cashflow forecasts, 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. 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 and have considered the impact of the coronavirus pandemic on the charity's operations. In particular the trustees have considered the charities forecasts and projections and have taken account of pressures on publishing and investment income. After making enquiries the trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

## 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 both listed investments (Note 7.10) and investment properties (Note 7.9) and are discussed below.

## 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, as per note 7.14.

## 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. This applies to income from investments, publishing, events, membership subscriptions and other income, which are all recognised on a receivable basis. Income received in advance, such as membership and publication income, is deferred on the balance sheet to future periods.

## Expenditure

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any irrecoverable VAT, 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 included within support costs, apportioned. 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. Fixed assets Tangible fixed assets are stated at cost less accumulated depreciation. Minor additions to fixed assets, defined as those costing less than £2,000 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.

### Investment Property

Investment properties are included in the balance sheet at fair value and are not depreciated. Any change in fair value is recognised in the statement of financial activities. The valuation method used to determine fair value will be stated in the notes to the accounts. In 2018, there was a change in the use of property, and so a proportion of Tangible fixed assets was re-classified as investment property and revalued.

### Listed 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 & cash equivalents

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 accruals basis and in line with FRS 102.

### Pensions

The Society operates defined contribution pension scheme. The assets of which are held separately from those of The Society in independently administered funds. The pension cost charge represents contributions payable by The Society, which has no other liability under the scheme.

# 6 Notes to the financial statements

For the year ended 31 December 2021

## 6.1 Income from charitable activities

	Unrestricted	Restricted	2021 Total £'000	2020 Total £'000
Publications	3,629	-	<b>3,629</b>	4,023
Events	26	-	<b>26</b>	3
Membership subscriptions	149	-	<b>149</b>	61
	<b>3,804</b>	<b>-</b>	<b>3,804</b>	<b>4,087</b>

### Prior year income from charitable activities

	Unrestricted	Restricted	2020 Total £'000
Publications	4,023	-	4,023
Events	3	-	3
Membership subscriptions	61	-	61
	<b>4,087</b>	<b>-</b>	<b>4,087</b>

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

## 6.2 Income from investments

	2021 Total £'000	2020 Total £'000
Dividend income	<b>139</b>	151
Investment property rental	<b>186</b>	204
Bank deposit interest	<b>1</b>	10
	<b>326</b>	<b>365</b>

## Notes to the financial statements (cont.)

For the year ended 31 December 2021

### 6.3 Analysis of expenditure

	Grants costs £'000	Other direct costs £'000	Support & governance costs £'000	2021 Total £'000	2020 Total £'000
<i>Raising funds:</i>					
Investment management costs	-	31	-	<b>31</b>	22
<i>Charitable activities:</i>					
Publications	-	1,166	260	<b>1,426</b>	1,487
Events	-	414	151	<b>565</b>	455
Engagement	208	965	452	<b>1,625</b>	1,444
Other	-	83	70	<b>153</b>	179
	<b>208</b>	<b>2,659</b>	<b>933</b>	<b>3,800</b>	3,587

### Prior year Analysis of expenditure

	Grants costs £'000	Other direct costs £'000	Support & governance costs £'000	2020 Total £'000
<i>Raising funds:</i>				
Investment management costs	-	22	-	22
<i>Charitable activities:</i>				
Publications	-	1,232	255	1,487
Events	-	291	164	455
Engagement	177	815	452	1,444
Other	-	92	87	179
	<b>177</b>	<b>2,452</b>	<b>958</b>	<b>3,587</b>

Charitable expenditure was £3,769,000 (2020: £3,565,000) of which £3,756,000 was unrestricted (2020: £3,535,000) and £13,000 was restricted (2020: £30,000).

## Notes to the financial statements (cont.)

For the year ended 31 December 2021

### 6.4 Analysis of support 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 the governance costs from unrestricted fund and so no allocation is made to restricted fund 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 Support £'000	2021 Total £'000	2020 Total £'000	Basis of apportionment
Staff costs	125	138	<b>263</b>	319	Allocated on time
Employee-related costs	36	5	<b>41</b>	57	Allocated on time
Premises – office	136	17	<b>153</b>	150	Allocated on time
Technology	107	13	<b>120</b>	114	Allocated on time
Insurance	22	3	<b>25</b>	25	Allocated on time
Irrecoverable VAT	7	1	<b>8</b>	15	Allocated on time
Financial costs	6	1	<b>7</b>	6	Allocated on time
Depreciation	103	13	<b>116</b>	126	Allocated on time
AGM, Council and committee expenses	51	6	<b>57</b>	50	Governance
Auditors remuneration	8	1	<b>9</b>	9	Governance
Legal and professional	119	15	<b>134</b>	87	Governance
	<b>720</b>	<b>213</b>	<b>933</b>	<b>958</b>	

### Prior year analysis of support and governance costs

	General support £'000	Governance function £'000	2020 Total £'000
Staff costs	173	146	319
Employee-related costs	50	7	57
Premises – office	131	19	150
Technology	100	14	114
Insurance	22	3	25
Irrecoverable VAT	13	2	15
Financial costs	5	1	6
Depreciation	110	16	126
AGM, Council and committee expenses	44	6	50
Auditors remuneration	8	1	9
Legal and professional	76	11	87
	<b>732</b>	<b>226</b>	<b>958</b>

## Notes to the financial statements (cont.)

For the year ended 31 December 2021

### 6.5 Analysis of grants

	2021 Number	2020 Number	2021 Total £'000	2020 Total £'000
Travel grants	6	6	14	5
Research grants	9	9	74	92
Summer studentships	30	30	50	43
Public engagement grants	7	7	48	26
Departmental seminar scheme	6	6	27	3
The David Jordan Teaching Awards	3	3	15	27
The Rob Clarke Awards	1	-	1	-
Grants written back in year	(23)	(23)	(21)	(18)
	<b>39</b>	<b>38</b>	<b>208</b>	<b>178</b>

### 6.6 Staff costs

	2021 Total £'000	2020 Total £'000
Gross wages and salaries	1,145	1,108
Social security costs	117	118
Pension costs	109	111
	<b>1,371</b>	<b>1,337</b>

Included in the above were sums relating to redundancy or termination payments totalling £10,791 (2020: £nil). There were no unpaid sums at the year end.

The key management personnel of The Society comprises the board of Trustees, the Chief Executive and all other members of the Senior Management Team. 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 £547,545 (2020: £536,000).

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

	2021 Number	2020 Number
CEO	1.0	1.0
Scientific programmes	8.8	9.4
Operations	4.0	4.6
Professional development & engagement	3.6	3.0
Policy & communications	7.8	7.4
	<b>25.2</b>	<b>25.4</b>

## Notes to the financial statements (cont.)

For the year ended 31 December 2021

### Emoluments of employees

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

	2021 Number	2020 Number
£60,001 – £70,000	2	1
£70,001 – £80,000	-	-
£80,001 – £90,000	1	1
£90,001 – £100,000	-	-
£100,001 – £120,000	-	-
£120,001 – £130,000	1	1
£130,001 – £140,000	-	-
£140,001 – £150,000	-	-
	<b>4</b>	<b>3</b>

The total pension contributions for the above higher paid staff were £38,659 (2020: £28,780).

### 6.7 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 £40,721 (2020: £38,000) and Trustees (12 in total) incurred expenses totalling £3,567 (2020: 12, £14,000).

#### Academic support

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

Trustee		2021 £'000	2020 £'000
D. Atwell	University College London	7	-
D Baines	St George's, University of London	3	3
S Deuchars	University of Leeds	7	7
L Green	University of Southampton	3	-
B Lumb	University of Bristol	-	14
F Sengpiel	University of Cardiff	7	7
D Paterson	University of Oxford	14	7
		<b>41</b>	<b>38</b>

#### Editorial support

During the year, payments totalling £115,101 (2020: £125,022) were made to senior journal editors in respect of honoraria and institutional editorial support.

#### Travel Grants

One trustee was awarded a travel grant totalling £700 (2020: Nil)

## Notes to the financial statements (cont.)

For the year ended 31 December 2021

### 6.8 Tangible fixed assets

	Freehold property £'000	Freehold improvements £'000	Fixtures, fittings & equipment £'000	Total £'000
<b>Cost:</b>				
At 1 January 2021	1,937	467	405	<b>2,809</b>
Additions	-	-	-	-
Disposals	(19)	-	-	<b>(19)</b>
<b>At 31 December 2021</b>	<b>1,918</b>	<b>467</b>	<b>405</b>	<b>2,790</b>
<b>Accumulated depreciation</b>				
At 1 January 2021	298	251	334	<b>883</b>
Charge for the year	39	31	41	<b>111</b>
Disposals	(15)	-	-	<b>(15)</b>
<b>At 31 December 2021</b>	<b>322</b>	<b>282</b>	<b>375</b>	<b>979</b>
<b>Net book value at 31 December 2021</b>	<b>1,596</b>	<b>185</b>	<b>30</b>	<b>1,811</b>
<b>Net book value at 31 December 2020</b>	<b>1,639</b>	<b>216</b>	<b>71</b>	<b>1,926</b>

### 6.9 Investment properties

	2021 Total £'000	2020 Total £'000
<b>Fair value at the start of the year</b>	<b>2,900</b>	3,414
Transfer from Tangible Fixed Assets	-	-
Revaluation during the year	-	(514)
<b>Fair value at the end of the year</b>	<b>2,900</b>	2,900

The trustees requested a desktop revaluation (by Charlie Browne (Daniel Watney LLP)) in March 2022 and no adjustment was required as the value was not materially different.

## Notes to the financial statements (cont.)

For the year ended 31 December 2021

### 6.10 Investments

	2021 Total £'000	2020 Total £'000
<b>Analysis of investments at 31 December by category of holding</b>		
Market value of listed investments	11,529	9,257
Cash held as part of the portfolio	91	267
	<u>11,620</u>	<u>9,524</u>
<b>Analysis of investments at 31 December by location</b>		
Investments held in the UK	5,382	3,319
Investments held outside the UK	6,238	6,205
	<u>11,620</u>	<u>9,524</u>
<b>Analysis of movements in investments</b>		
Market value at 1 January 2021	9,257	8,598
Additions	12,700	2,340
Opening market value of disposals in the year (proceeds: £11,394k (2020: £3,157k))	(10,580)	(2,327)
Net unrealised gains	152	645
<b>Market value at 31 December 2021</b>	<u>11,529</u>	<u>9,257</u>
<b>Historic cost at the year end</b>	<u>11,461</u>	<u>7,735</u>

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

### 6.11 Debtors

	2021 Total £'000	2020 Total £'000
Trade debtors	2	4
Other debtors	-	155
Prepayments	106	241
Accrued income	40	58
	<u>148</u>	<u>458</u>

### 6.12 Creditors

	2021 Total £'000	2020 Total £'000
Trade creditors	167	222
Other taxes and social security costs	521	565
Other creditors	223	68
Accruals	128	172
Deferred income	2,814	3,080
	<u>3,853</u>	<u>4,107</u>

## Notes to the financial statements (cont.)

For the year ended 31 December 2021

### 6.13 Deferred income

	2021 Total £'000	2020 Total £'000
At January 2021	3,080	3,006
Amount released in the year	(3,080)	(3,006)
Amount deferred in the year	2,815	3,080
At 31 December 2021	<u>2,815</u>	<u>3,080</u>

Deferred income is made up of membership and publishing income received in advance.

### 6.14 Movement in funds

	Opening balance £'000	Income £'000	Expenditure £'000	Net gains £'000	Transfers £'000	Closing balance £'000
<b>Unrestricted funds</b>						
<b>General funds</b>	<b>3,497</b>	4,130	(3,613)	968	(2,012)	<b>2,970</b>
<b>Designated funds</b>	<b>12,898</b>	-	<b>(174)</b>	-	<b>2,012</b>	<b>14,736</b>
Bannister Legacy	10	-	-	-	-	10
HHH Property Fund	4,823	-	(97)	-	(45)	4,681
HHH Maintenance Fund	500	-	(22)	-	22	500
Continuity Fund	5,600	-	-	-	1,500	7,100
Strategic Investment Fund	1,100	-	(25)	-	-	1,075
COVID fund	865	-	(30)	-	535	1,370
<b>Total unrestricted funds</b>	<b>16,395</b>	<b>4,130</b>	<b>(3,787)</b>	<b>968</b>	-	<b>17,706</b>
<b>Restricted funds</b>						
Bayliss and Starling Society fund	42	-	(1)	-	-	41
David Jordan international teaching fellowship fund	6	-	(6)	-	-	(0)
Paton prize bursary fund	19	-	(1)	-	-	18
Inclusion and Diversity fund	14	-	(5)	-	-	9
Other restricted funds:	16	-	-	-	-	16
<b>Total restricted funds</b>	<b>97</b>	-	<b>(13)</b>	-	-	<b>84</b>
<b>Total funds</b>	<b>16,492</b>	<b>4,130</b>	<b>(3,800)</b>	<b>968</b>	-	<b>17,790</b>

## Notes to the financial statements (cont.)

For the year ended 31 December 2021

	2021 Total £'000	2020 Total £'000
<b>Unrealised gains included above:</b>		
On listed investments	160	1,789
On investment property	994	994
<b>Total unrealised gains at 31 December 21:</b>	<b>1,154</b>	<b>2,783</b>
<b>Reconciliation of movements in unrealised gains</b>		
Unrealised gains at January 2021	2,783	2,929
Difference between historical cost and realised gains/losses on listed investments and the actual realised gains/losses there on calculated on the revalued amounts	(1,781)	(277)
Unrealised (losses) gains on listed investments arising in the year	152	645
Revaluation of investment property in the year	-	(514)
<b>Market value at 31 December 2021</b>	<b>1,154</b>	<b>2,783</b>

### Prior Year Movement in funds

	Opening balance £'000	Income £'000	Expenditure £'000	Net gains £'000	Transfers £'000	Closing balance £'000
<b>Unrestricted funds</b>						
<b>General funds</b>	2,878	4,452	(3,432)	464	(865)	3,497
<b>Designated funds</b>	12,672	-	(125)	(514)	865	12,898
Bannister Legacy	10	-	-	-	-	10
HHH Property Fund	5,462	-	(125)	(514)	-	4,823
HHH Maintenance Fund	500	-	-	-	-	500
Continuity Fund	5,600	-	-	-	-	5,600
Strategic Investment Fund	1,100	-	-	-	-	1,100
COVID fund	-	-	-	-	865	865
<b>Total unrestricted funds</b>	<b>15,550</b>	<b>4,452</b>	<b>(3,557)</b>	<b>(50)</b>	<b>-</b>	<b>16,395</b>
<b>Restricted funds</b>						
Bayliss and Starling Society fund	42	-	-	-	-	42
David Jordan international teaching fellowship fund	6	-	-	-	-	6
Paton prize bursary fund	19	-	-	-	-	19
Inclusion and Diversity fund	44	-	(30)	-	-	14
Other restricted funds:	16	-	-	-	-	16
<b>Total restricted funds</b>	<b>127</b>	<b>-</b>	<b>(30)</b>	<b>-</b>	<b>-</b>	<b>97</b>
<b>Total funds</b>	<b>15,677</b>	<b>4,452</b>	<b>(3,587)</b>	<b>(50)</b>	<b>-</b>	<b>16,492</b>

## Notes to the financial statements (cont.)

For the year ended 31 December 2021

### Designated funds

The Society has designated a HHH Property Fund (£4,681,000) comprising the carrying value of The Society's freehold property in London, currently split between tangible fixed assets (held at depreciated cost) and investment property (held at market value), and as such it is not available to meet the general running costs of The Society.

As well as non-property fixed assets, £0.5m has been designated to a HHH Maintenance Fund to recognise essential future spending associated with the maintenance of the freehold property.

The major exposure in The Society's income portfolio is its dependence on publishing income, which represents around 88% of annual turnover. The high commitment to expenditure allied to substantial exposure to a single source of income is a major risk to the organisation. The Society has designated a Continuity Fund (£7.1m), an increase of £1.5 million on the previous year, to mitigate this risk and provide medium-term stability. The Continuity Fund ensures sufficient time to transition to alternative operating models, in an orderly fashion, should publishing income collapse. The Continuity Fund represents 30 months operating costs excluding publishing, grants expenditure and one-off costs. These are around 40% staff costs that cannot be immediately adjusted in a new operating environment.

The Strategic Investment Fund will be allocated to new activities and specific major projects specified in the 2018-22 Strategic Plan, for example, an Innovation Fund to support sustainability and income diversification, to which a sum of £1,100,000 has been designated. In 2020 disruption of plans due to the COVID-19 pandemic meant that The Society did not allocate funds from the Strategic Investment Fund to finance new activities. However, during 2021 the first £25k was allocated from the fund and the Trustees are considering how this fund will be utilised in the longer term.

The Society had designated the surplus arising in 2020 because of the impact of the COVID-19 pandemic on the planned expenditure for the year to a COVID-19 fund. As a result of the pandemic continuing throughout 2021 the result for this year has been added to the designated fund. As restrictions lift and The Society returns to "greater normality" the COVID-19 fund will be used to enhance the visibility of physiology in an inclusive and sustainable manner by focusing on key areas as set out in the Trustee Annual Report.

### Restricted funds

In 2014, The Society received assets from the Bayliss and Starling totalling £147,000 of which £50,000 was restricted to the Bayliss–Starling Prize Lecture and Focussed Symposium Grant, for the period of ten 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 year. The fund was fully utilised in 2021.

The Paton Prize Bursary Fund awards bursaries to promote the study of the history of major concepts that have shaped modern physiology. The fund totals £18,000.

## Notes to the financial statements (cont.)

For the year ended 31 December 2021

### Restricted funds (cont)

In 2018, The Society was gifted the net assets, totalling £44,000, of The Benevolent Fund of The Physiological Society. This donation has been allocated to a restricted Inclusion and Diversity fund and will support individuals that have contributed to the advancement of physiology, and/or their dependents, either by promoting diversity and inclusivity in activities aligned with The Society's objectives or supporting those who are in necessitous circumstances. The balance on the fund at 31 December 2021 is £9,000.

There are three other restricted funds: the Sharpey-Schafer Prize Lecture Fund, the Otto Hutter Physiology Teaching Prize Fund and the Mike Rennie Physiology Communication Prize Fund.

There is one designated fund: the R Jean Banister Prize Lecture. Further details can be found at [www.physoc.org/grants-prizes](http://www.physoc.org/grants-prizes)

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

	2021 Total £'000	2020 Total £'000
Net movement in funds	1,298	815
(gains)/losses on investments	(968)	(464)
Losses/(gains) on Investment Property		
Revaluation	-	514
Depreciation charges	112	122
(Loss)/profit on disposal of fixed assets	4	4
Decrease/(increase) in debtors	310	(90)
(Decrease)/increase in creditors	(254)	186
Dividends and interest	(326)	(365)
Net cash used in operating activities	<u>176</u>	<u>722</u>

### 6.16 Analysis of cash and cash equivalents

	2021 Total £'000	2020 Total £'000
Cash in hand	5,164	5,791
	<u>5,164</u>	<u>5,791</u>

## Notes to the financial statements (cont.)

For the year ended 31 December 2021

### 6.17 Comparative SoFA per FRS 102 (SORP 2015)

	Unrestricted funds £'000	Restricted funds £'000	2020 Total £'000
<b>Income from:</b>			
Donations	-	-	-
Charitable activities	4,087	-	4,087
Investments	365	-	365
Other trading activities	-	-	-
<b>Total</b>	<b>4,452</b>	<b>-</b>	<b>4,452</b>
<b>Expenditure on:</b>			
<i>Raising funds:</i>			
Investment management costs	22	-	22
<i>Charitable activities:</i>			
Publications	1,487	-	1,487
Events	455	-	455
Engagement	1,414	30	1,444
Other	179	-	179
<b>Total</b>	<b>3,557</b>	<b>30</b>	<b>3,587</b>
<b>Net (expenditure)/income before gains on investments</b>	<b>895</b>	<b>(30)</b>	<b>865</b>
Net (losses) / gains on investments	464	-	464
(Losses) / gains on revaluation of investment property	(514)	-	(514)
<b>Net movement in funds</b>	<b>845</b>	<b>(30)</b>	<b>815</b>
Reconciliation of funds			
Fund balances as at 1 January 2020	15,550	127	15,677
<b>Fund balances as at 31 December 2020</b>	<b>16,395</b>	<b>97</b>	<b>16,492</b>

# 7 Standing information

## **Registered Office**

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

## **Trustees**

David Attwell

Deborah Baines (until November 2021)

Daniel Brayson

John Cripps

Sue Deuchars (until November 2021)

Heidi de Wet (from November 2021)

Lucy Green

Charlotte Haigh (until November 2021)

Catherine Hall (from November 2021)

Áine Kelly (from November 2021)

Raheela Khan

Paul McLoughlin (from November 2021)

David Paterson

Frank Sengpiel

Elizabeth Sheader (until November 2021)

Matt Taylor

Mike Tipton (from November 2021)

Stefan Trapp (until November 2021)

## **Key management personnel**

Dariel Burdass, Chief Executive

Sally Howells, Publisher

Andrew Mackenzie, Head of Strategy, Policy and Communications

Liam McKay, Head of Operations

Simon Rallison, Director of Scientific Programmes

Chrissy Stokes, Head of Professional Development and Engagement

## **Bankers**

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

## **Solicitors**

BDB Pitmans LLP, 50 Broadway, Westminster, London SW1H 0BL

## **Auditors**

Buzzacott, St Peters House, 130 Wood St, London EC2V 6DL

## **Investment fund managers**

Rathbone Greenbank Investments, 8 Finsbury Circus, London EC2M 7AZ

020 7269 5710  
[www.physoc.org](http://www.physoc.org)



