THE PHYSIOLOGICAL SOCIETY

England & Wales · Charity number 211585

Details

Status	Registered
Legal form	Charitable company
Company number	00323575
Registered	1962-09-28
Register	View on the Charity Commission register

Contact

Address	The Physiological Society Hodgkin Huxley House 30 Farringdon Lane London EC1R 3AW
Phone	02072695720
Email	governance@physoc.org
Website	www.physoc.org

Activities

Objects: TO PROMOTE FOR THE BENEFIT OF THE PUBLIC THE ADVANCEMENT OF PHYSIOLOGY AND TO FACILITATE THE INTERCOURSE 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.

Activities: The Society's main aims are to promote the advancement of physiology and to facilitate communication, both between scientists and with the wider public, through: the publication of scientific journals; support for scientific meetings; grants to allow physiologists to attend scientific meetings and develop research collaborations; and by supporting education and outreach activities.

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Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Acts As An Umbrella Or Resource Body, Other Charitable Activities
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives, Accommodation/housing, Arts/culture/heritage/science, Other Charitable Purposes
- **Who:** Other Charities Or Voluntary Bodies, Other Defined Groups, The General Public/mankind

Geography

- City Of Westminster
- Islington

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£4,800,000	£3,730,000	£16,858,000	23
2023-12-31	£4,330,000	£3,898,000	£16,141,000	25
2022-12-31	£4,153,000	£4,017,000	£15,762,000	23
2021-12-31	£4,130,000	£3,800,000	£17,790,000	25
2020-12-31	£4,452,000	£3,587,000	£16,492,000	25

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Trustees

Name	Role	Appointed
Professor Michael Tipton	Chair	2021-11-19
Dr Fearon Clare Cassidy		2024-11-29
Dr Richard Peter Marshall		2023-12-01
Professor Aine Kelly		2021-11-19
Professor Andrew John Parker		2022-12-02
Professor Catherine Hall		2021-11-19
Professor David James Angus Wyllie		2024-11-29
Professor Hugh Edward Montgomery		2022-12-02
Professor Nephtali Marina-Gonzalez		2022-12-02
Professor Paul McLoughlin		2021-11-19
Professor Stuart Robert Gray		2025-12-04

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THE PHYSIOLOGICAL SOCIETY

England & Wales - Charity number 211585

Accounts

THE PHYSIOLOGICAL SOCIETY

Trustees' Annual Report and Accounts

for year ended 31 December 2024

Company number: 00323575
Registered charity: 211585

www.physoc.org

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1 Introduction from President and Chief Executive

Reflecting on a Year of Growth and Impact

2024 has been a successful and transformative year for The Physiological Society. These achievements have been made possible through the dedicated collaboration of our staff, Trustees, and volunteers. Their collective efforts have advanced our strategy across publishing, conferences, and policy initiatives, reinforcing our vision of a world where physiological discovery leads to healthier lives. This shared commitment and engagement has been instrumental in driving The Society's success and establishing a strong foundation for sustainable growth.

Since launching our 2022–2025 strategy, we have focused on our priorities for transformation and growth. This year represents a turning point in that journey, as we begin to see the real-world impact of those strategic ambitions across all areas of our work.

However, this progress has been made against a challenging financial backdrop, marked by uncertainty around publishing income—an important revenue stream for The Society. To ensure our long-term financial resilience, and the need to prioritise how we balance our income with expenditure, the Trustees, working with the Chief Executive, undertook a comprehensive review of all Society activities. The review's objective was to ensure that resources were focused on those activities delivering the greatest value to members and aligning with our charitable objectives and public benefit. As part of our efforts to reduce expenditure difficult decisions were made, including a restructure and subsequent reduction in staff during the second half of the year. We are grateful to all staff, past and present, for their professionalism and dedication during this period of transition.

Despite these challenges, The Society has continued to evolve and deliver for our community. This year, we proudly launched two wholly owned journals—the first in over a century: *The Journal of Precision Medicine: Health and Disease* and *The Journal of Nutritional Physiology*. These journals reflect our proactive approach to growth areas within the discipline and are designed to build new communities of researchers. With Professors Colleen Clancy and Craig Sale respectively at the helm as Editors-in-Chief, and article processing charges waived until 2027, we are ensuring these titles are both relevant and accessible.

Our existing journals also made remarkable progress. Under Professor Kim Barrett's leadership, *The Journal of Physiology* saw increased submissions and outputs, supported by more author-friendly processes. *Experimental Physiology* has shown strong recovery under Professor Damian Bailey following its transition to Gold Open Access, and *Physiological Reports*, in partnership with the American Physiological Society, is set to exceed recent publication records, led by Professor Josephine Adams.

A key focus for 2024 has been the strengthening of collaboration across our core areas—policy, publishing, and scientific events. This synergy has not only amplified our impact but also enabled us to reach wider audiences through strategic partnerships. By working closely with like-minded organisations, we have extended our influence, fostered cross-sector engagement, and created new strategic opportunities with both our members and the broader community of stakeholders. These integrated efforts reflect our commitment to a more connected and dynamic approach to advancing physiology.

In the policy space, our work on climate and health has received wide recognition. In May, we co-published a report and op-ed with Wellcome exploring the link between heat and mental health, followed by a consensus statement in June signed by 30 organisations in Parliament advocating for global heat resilience. In November, we launched a report connecting physiological research to COP29, ahead of our hosting of the Global Climate and Health Summit in July 2025—an inclusive and free event, with travel support for Early Career Researchers from Low- and Middle-Income Countries.

Throughout the year, The Physiological Society hosted eight in-person meetings across Manchester, Exeter, Newcastle, and Nottingham, drawing 850 delegates from nearly 40 countries. With 80 plus research papers commissioned to date and an average satisfaction score of 4.7/5, these two-day meetings continue to empower organisers and foster community-led science. Our flagship event, *Physiology in Focus,* was held in Newcastle in July in partnership with the Scandinavian Physiological Society. Feedback was overwhelmingly positive with delegates appreciating the greater networking opportunities this provided with a more diverse community.

As we enter the 2025, we remain deeply committed to supporting physiology and physiologists across career stages and geographies. We strive to foster a community where everyone feels welcomed, supported, and inspired. We look forward to working with you to continue advancing the study of physiology together.





Annette Dolphin
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 2024.

This is the Trustees' Annual Report and Accounts for the year ended 31 December 2024 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 (Charities SORP – FRS 102).

The Society was incorporated by guarantee on 27 January 1937 under number 00323575. 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 (UK GAAP – 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.

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 - £3,751,000 (2023: £3,580,000), events - £163,000 (2023: £137,000), membership subscriptions - £133,000 (2023: £127,000) and investments and investment property - £579,000 (2023: £483,000).

Overview of the year

Charitable expenditure of £3,679,000 (2023: £3,850,000) was incurred during the year and has supported our charitable objects as set out in the statement of financial activities on page 30 of this report.

Publishing income (81% of total income) increased by £171,000 (4.8%). The Society saw a robust performance in *The Journal of Physiology's* (JP) hybrid Open Access content in 2024 coupled with an increase in articles published in *Experimental Physiology* creating a strong financial performance.

Events income in 2024 increased by £26,000, from £137,000 in 2023. The increase in events income was due to the *Physiology in Focus* 2024 meeting at Northumbria University in July 2024 together with 7 two-day focused scientific meetings hosted around the UK and in the Republic of Ireland.

Investment fund income, which is all reinvested, increased by £10,000 (4%). Rental income associated with the rental of space in Hodgkin Huxley House rose by £66,000 (35%) to £257,000 compared to £191,000 in 2023. To help safeguard the property asset, £579,000 has been designated to reflect the ten-year building maintenance programme. This balance is topped up annually by £50,000 and is currently £579,000 at 31 December 2024.

Surplus income

Overall, this has led to an operating surplus of £1,070,000 compared to £432,000 in the prior year.
The Society's surplus income reflects careful cost control; alongside strategic savings identified through a thorough review and critical analysis of expenditure led by the Trustees and the Chief Executive. This process resulted in reductions to high-cost activities that delivered limited value, which were either removed or scaled back. A Board approved staff restructure was implemented in line with these changes and in support of emerging priorities. These efforts were complemented by the development of new income streams, further strengthening The Society's financial position.

The Society's investment strategy works together with its reserves policy and seeks to provide against sudden loss of income from its traditional activities and in particular loss of income from its publishing activities.

Investment performance

The Society's investments are managed on behalf of The Society by an investment management company Greenbank. They have general discretion over the asset allocation and selection of investments within pre-agreed investment parameters as set out in our Investment Policy Statement (IPS) and Responsible Investment Policy (RIP). On a six-monthly basis consultants Broadstone provide independent advice on the performance of The Society's portfolio. In 2025 the Board of Trustees requested that a working group, Chaired by the Honorary Treasurer and supported by Broadstone, review and update our investment documents accordingly (the IPS and RIP) and combine them into a single document with updated Ethical Guiding Principles. As part of our due diligence and governance, now the Board has approved the new IPS (May 2025), we will initiate a competitive selection process for an Investment Manager to oversee our portfolio under this updated mandate.

Following the net gain of £247,000 from the investment portfolio in 2023, the current year returned a £223,000 loss. As a result of this loss offset with the reinvestment of investment income the total value of listed investments and cash held within the portfolio decreased from £10,426,000 to £10,410,000.

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 2024, the managed portfolio returned a loss of 0.3% while the inflation target (CPI + 4.0%) amounted to a gain of 6.7%. The composite benchmark returned a gain of 10.8% 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.

Reserves Policy

The Finance Committee and Board of Trustees review our Reserves Policy on a regular basis. 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.

A significant proportion of our income (81% of turnover) is generated through publishing. While this is a core strength, it also exposes us to financial risk—particularly in a pluralistic and rapidly evolving publishing landscape which underscores the need for financial flexibility. 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 Society has further designated a HHH Property Fund (£3.857m) 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, £0.579m has been designated to an HHH Maintenance Fund to recognise essential future spending associated with the maintenance of the freehold property.

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 2024 free reserves held totalled £5.1m, 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 and Public Benefit

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 setting our objectives for the year and planning our activities, the Trustees have had due regard to the Charity Commission's guidance on public benefit, including Public Benefit: Running a Charity (PB2).
The Board is satisfied that the organisation's work provides demonstrable public benefit by advancing knowledge and understanding in physiological sciences. This has been achieved through a range of activities including:

- publication of scientific journals;
- holding of scientific meetings and conferences to disseminate advances in physiology;
- provision of educational resources to support the understanding of, and encourage the study of, physiology;
- provision of grants to support attendance at scientific meetings, conferences and training courses;
- informing and influencing policy makers through the promotion of the importance of physiology and how research translates to improving human health;
- informing and engaging the public through our support of Physiology Week;
- the support of our members who conduct research within the discipline.

Strategy

To further the objects of The Society, The Society has developed a five-year strategic plan (2023 – 2027) with a clear vision. For almost 150 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.

Purpose

To support and inspire our community to advance the physiological sciences.

Vision

A world in which physiological discovery leads to healthier lives.

Mission

- To increase the visibility of physiology as essential to tackling global challenges and act as catalyst for the dissemination of knowledge.
- To champion equity, inclusion and diversity.
- To forge a sustainable future for The Society.

Strategic Pillars

- *Strengthening the Community* – The physiology community will be better connected and more engaged, with increased participation from under-represented groups.
- *Securing the Future* – Physiology as a discipline is more secure, with research and teaching having increased funding and recognition.
- *Improving Health* – Physiology will have a greater influence in informing evidence based public policy.

Strategic Priorities

1. We will have a larger, more diverse community of members.
2. We will be essential to physiologists developing their career.
3. We will strengthen our links at key interfaces of physiology and between sectors.
4. We will play an influential role in shaping funding and public policy.
5. We will be a forward looking, sustainable Society.

Values

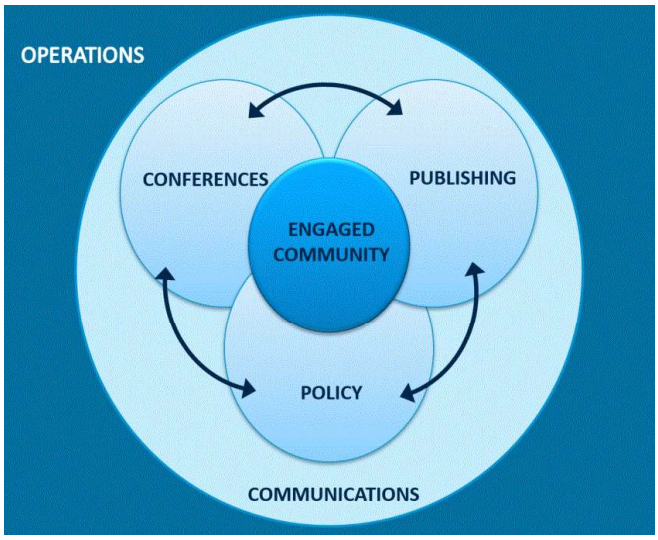
- Act with integrity and respect
  - Being fair and transparent in our processes.
  - Taking time to listen and being respectful of different viewpoints.
  - Being accountable for our actions and ensuring our decisions are evidence-based.

- Inspire and empower others
  - Expanding horizons and opening new opportunities.
  - Being innovative and forward-thinking.
  - Sharing skills, knowledge and ideas to realise everyone's potential.

- Embrace collaboration and diversity
  - Welcoming a diverse range of perspectives, people and ideas.
  - Recognising the value that each person contributes.
  - Supporting others to grow and work in the way that brings out their best.

1.4 Strategic aims and performance

We deliver our strategy through a collaborative and synergistic approach, ensuring that the value we create for the community exceeds the sum of its individual components. By working together, we amplify impact, achieving outcomes that are far greater than what could be accomplished independently.



Our community: a vibrant and rich legacy spanning nearly 150 years

In 2024, The Society continued to foster a dynamic and engaged community despite wider sector challenges. Our high retention rate of Full and Fellow members reflects the strength of our community and showcases the enduring value of Society membership. Our focus has remained on deepening engagement and supporting our diverse membership by:

- enhancing the member experience through tailored benefits;
- improving communications to ensure members receive relevant, timely updates that reflect their interests and career stage;
- delivering impactful campaigns, such as Physiology Week 2024, this celebrates the contributions of physiologists and serves the wider public by enhancing understanding of human biology, promoting health literacy, fostering trust in scientific research, and encouraging interest in science and healthcare careers;
- continuing to build a more inclusive and equitable environment that supports individuals from all backgrounds to thrive and be represented in all aspects of Society activity.

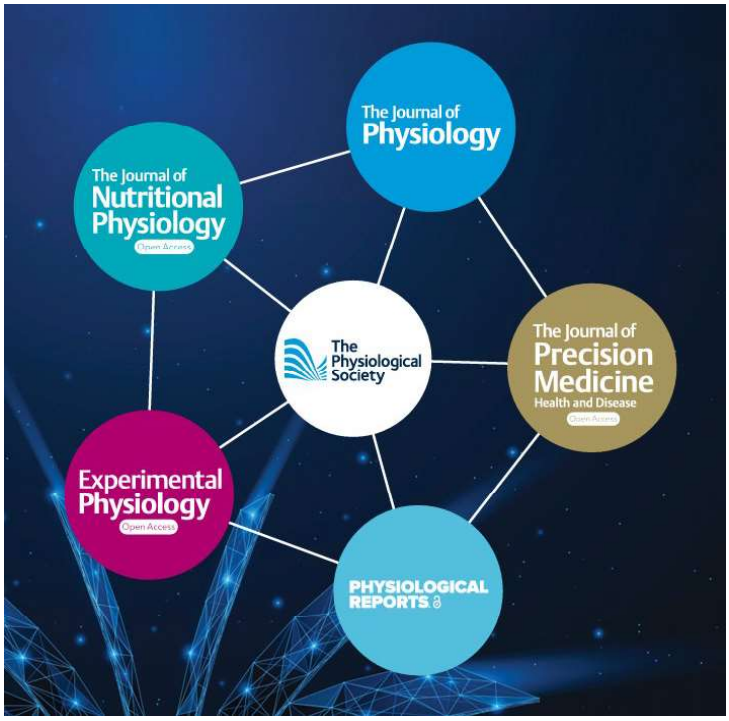
Our members continue to shape The Society through their involvement in publishing, policy work, and events - demonstrating that our community remains as active and committed as ever.

In 2024 we unveiled our second Excellence in Physiology plaque. This Award honours excellence in physiology at institutions that are centres of excellence for physiology in either discovery or leadership. The plaque was unveiled at Loughborough University's School of Sport, Exercise and Health Sciences.



Training Hub: Nurturing Career Advancement

Our popular *Training Hub* was further enhanced with new resources, including an industry collaboration toolkit and an Early Career Researcher (ECR) development guide. The introduction of our *Grant Tracker* tool helped members efficiently navigate funding opportunities. These initiatives, combined with strong networking opportunities and skills-building sessions at our meetings, underscore the vital role we continue to play in the career progression of our community.



Academic Publishing: Critical Role of our Journal Publishing in Advancing Scientific Knowledge

The Society's journal publishing is critical for the dissemination, validation, and preservation of scientific knowledge, fostering collaboration, and driving innovation across physiology. It serves as a cornerstone of the knowledge landscape, facilitating the continuous advancement of human understanding and progress within the discipline. 2024 was a landmark year for The Society's portfolio as it forged a new partnership with the publisher Elsevier and launched the first two wholly owned journals by The Society in over 100 years. *The Journal of Precision Medicine: Health & Disease* and *The Journal of Nutritional Physiology* were selected as launch titles to complement our existing portfolio of broad scope physiology journals and they both aim to expand and further advance the discipline through the publication of cutting-edge research in these exciting and growing fields.

For our existing portfolio, 2024 saw the strengthening of our titles as leading authorities in the field of physiology, with burgeoning pipelines of special issues carefully selected to attract high quality, timely and topical content both through targeted commissioning and open calls for papers. We remain focused on adapting to the evolving landscape of academic journal publishing, where the rise of Open Access continues to impact the stability of academic publishing landscape. We will continue this focus into the coming year as we cement the growth of our established titles and develop our newly launched titles.

Conferences: A continued era of engagement and collaboration

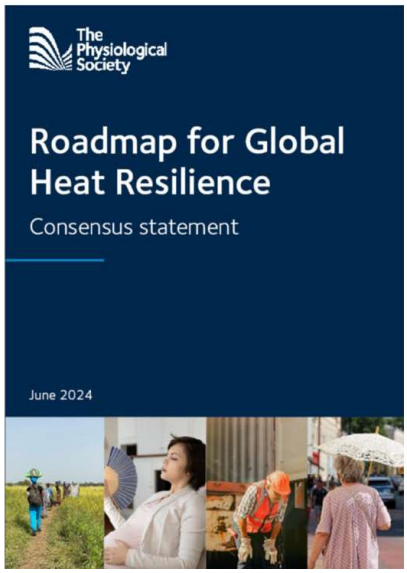


2024 heralded our most expansive meeting program to date. We continued our two-day meeting program that began in 2023, offering a series of focused scientific events throughout the year. This member-driven format allows us to host more events tailored to our community's needs and interests. Researchers benefit from focused meetings featuring the latest research in their field, networking opportunities with peers, and the chance to establish collaborations. Society staff provide full support in organising these events, handling logistics, operations, and budget management.

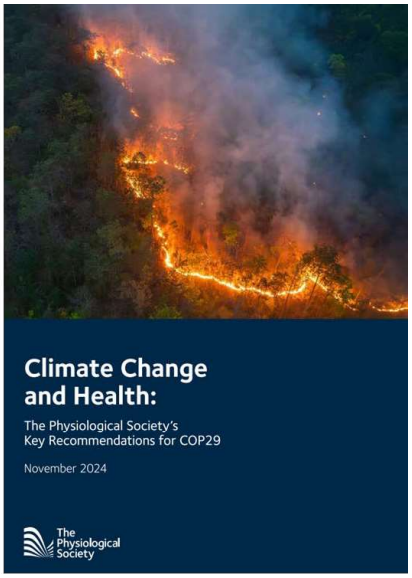
A particular highlight of the year's events calendar was our joint meeting with the Scandinavian Physiological Society, *Physiology in Focus 2024*, in Newcastle. This collaboration with our Scandinavian colleagues provided the benefits of a broad meeting with the networking and community feel of a focused meeting.

2025 sees us once again collaborating with our colleagues in Europe, and beyond, to organise the 40th Congress of the International Union of the Physiological Sciences, IUPS 2025, in Frankfurt in September. We also continue with our successful two-day meeting programme which will feature two new and five repeat meetings to further support our members build and connect with their communities.

Raising the Profile of Physiology: Impactful Policy Work







In 2024, The Society's policy work continued to amplify the voice of physiology in national and international debates. Our flagship *Physiology Passport* project, chaired by Professor Dame Melanie Welham, explored the role of physiology in driving personalised prevention within resilient health systems, engaging experts across medicine, data science and life sciences. We also led the launch of a global *Heat Resilience* consensus statement in the UK Parliament, uniting 30 organisations from health, climate and research sectors. In collaboration with Wellcome, we examined the impact of rising temperatures on mental health, producing a widely shared joint report and journal article. This work has directly influenced public discourse and informed UK Government policy, positioning The Society as a key contributor to discussions on R&D, climate and health.

Looking Ahead: Building on Success, Shaping the Future

Drawing on the strength, expertise, and passion of our physiology community coupled with our professional staff, 2024 has been a year of real progress and purpose. Reflecting on a year of progress, we move into 2025 inspired by what we have achieved—and motivated by what's still possible.

Together, we are advancing the field of physiology through:

- our largest and most dynamic conference programme yet,
- pioneering research showcased in our leading journals,
- influential policy work that is driving real change, and
- a more inclusive, representative, and engaged global membership.

We will have a larger, more diverse community of members

- **Membership numbers:**

Category	Start of 2024	End of 2024
Total	2510	2355
Undergrad	368	310
Postgrad	379	334
Full	1417	1381
Fellow	108	101
Retired	151	145
Honorary	87	84

Membership has always been central to our identity as a learned society and scientific body. With The Society having the potential to hold a Royal Charter—reserved for eminent professional bodies or charities with a strong record of achievement and financial stability—membership remains a cornerstone of our organisation. Retention of our Full and Fellow Members remains strong, reflecting the value and loyalty that long-standing members place on being part of The Society. However, like similar organisations, we have experienced a steady decline in membership, primarily due to retirements and the departure of academics, from whom over 90% of our members are drawn. Members continue to play a vital role in shaping our activities across scientific publishing, conferences, education, and policy. Their contributions help ensure that our work reflects both academic excellence and the evolving priorities of the discipline.

In 2024 our scientific meetings continued to serve as key moments of community engagement. Nearly a third of our new members joined specifically to attend one of our conferences, highlighting the important role of these events to our community. These meetings not only showcase cutting-edge research but also offer valuable networking and professional development opportunities.

Looking ahead to the coming months, we are exploring ways to build on this momentum by enhancing the value of membership while expanding our reach into new areas of physiology and broadening our engagement with the wider scientific community.

- **New-look member magazine:** We launched our new look online magazine *Physiology News* in autumn 2024. This new format has been especially designed to showcase high impact, engaging member stories and experiences. The response so far has been extremely encouraging, with engagement already far exceeding our previous member magazine.

- **Physiology Week:** Physiology Week is now in its second year and going from strength to strength. We had almost 70 events taking place right across the world.

- **Two-day meetings program - Statistics and feedback**
  - 458 attendees over seven meetings. These meetings attracted 82 new members to The Society and were attended by 90 non-members.
  - Key indicators for success are that each meeting is break-even or within the contingency, the number of publications each meeting produces, and the numbers of new members the meeting attracts.

- Each meeting was break-even or within the budgeted contingency.
- These meetings generated over 80 publications for Society journals.
- Meetings organised by mid-career researchers embody the spirit of the scheme in organising meetings *for the community and by the community*. The onsite experience of, and engagement by, the delegates is higher at these.
- Meeting organisers are keen to showcase their institutions and welcome delegates.
- Delegate feedback:

The meeting was very well organised and structured, the speakers were excellent, and it was very easy to network and meet new researchers and collaborators.

&

It was excellent! Expanding my network, connecting with friends and colleagues, and learning about a broad range of topics relevant to my research interest.

We will be essential to physiologists developing their career

- **Launch of two new journals**
  - By the end of 2024 we opened for submissions to two new Society owned Open Access journals, *The Journal of Precision Medicine: Health & Disease* (JPM) and *The Journal of Nutritional Physiology* (JNP). These new journals represent burgeoning communities of researchers in sub-disciplines related to physiology. They provide a home for their research supported by The Society, offering the hallmark of rigorous, constructive and independent peer review.
  - We recruited two leading researchers to respectively take position as Editor-in-Chief (EiC) of each journal. Professor Colleen Clancy of University California, Davis as EiC of JPM, and Professor Craig Sale of Manchester Metropolitan University as EiC of JNP. Both Professor Clancy and Professor Sale offer strong leadership skills to establish and develop these journals into successful venues which will become the natural home for the publication of relevant research.
  - We established and supported communications between our publishing partners Elsevier and Wiley to enable the smooth transfer of papers across out network of journals. This both supports The Society's strategy to retain content within its own portfolio, whilst simultaneously establishing a collegiate and collaborative relationship between our established titles, published by Wiley, and our new launch titles, which are publishing by Elsevier.
  - We extensively tested the new submission sites to ensure that they were fit for purpose in time for opening to submissions in December 2024. This ensures that authors experience a straightforward and pain free submission process and enables our Editors to provide thorough and constructive peer review.
  - We planned and executed communications campaigns, collaborating with our publishing partner Elsevier to:
    - Announce the partnership with Elsevier and the launch of two new journals
    - Announce the EiC recruitment
    - Announce the EiC appointments (scheduled w/c 2 December)
    - Announce that the journals are open for submissions (scheduled w/c 2 December)
    - Coordinated all of the above with Elsevier for aligned marketing activity
    - Finalised journal logos, covers and other graphics related to the journals
    - Finalised Aims and Scope with the new EiC's
    - Finalised a Guide for Authors
    - Trained staff in the use of the new submission system
    - EiC's have begun recruiting members of their Editorial Board with support from Society staff

    This ensured both our membership and other target communities are aware of our new journals, and how they can engage with the titles either as authors, reviewers or in an editorial capacity – and in doing so support The Society and the community of physiologists that it serves.

- **Launch of Future Leaders scheme for *Experimental Physiology* (EP)**
  - 2024 was the inaugural year of a "Future Leaders" scheme for EP. This scheme has been designed to mirror the Editorial Board Fellowship of *The Journal of Physiology* (JP). Both Future Leaders and Fellows scheme offer ECR's the opportunity to work closely with senior leadership of the respective journal to learn about the peer review process and build skills for future

editorial roles. Both schemes also give candidates the opportunity to spearhead a Special Issue for the journal, so as well as providing essential experience for young researchers to build their CV and building engagement with the next generation of researchers. It also shores up additional Special Issue content for the journals, contributes to increasing submissions and brings in fresh new ideas from a new cohort of researchers, representing the future community of the journal.

- **Papers commissioned from Society meetings and conferences**

~80 papers commissioned from Society meetings to date

Physiology in Focus 2024

- *The Journal of Physiology* special issue from symposium entitled '*The role of the gut in obesity – new insights into the physiology of therapeutic approaches'*
- Six reviews, two research articles and one editorial article

Dietary Manipulations for Health and in the Prevention and Management of Disease

- *Experimental Physiology* special issue
- Estimated 10 publications

Command and Control: Unveiling the Regulation of Smooth Muscle Function

- *The Journal of Physiology* special issue to be co-aligned with a meeting in Japan in 2025
- 11 commissions set up already
- Deadline for submissions is 31 July 2025

New Perspectives on The Physiological Basis of Muscle Loss

- *Experimental Physiology* special issue
- Three reviews, three research papers commissioned
- Deadline for submissions is 3 May 2025

ISAN 2024

- *The Journal of Physiology* special issue
- 12 research papers, seven reviews, eight editorial and/or journal club articles

Breakthroughs in Understanding Natural Behaviour and its Neural Underpinnings

- Symposium reviews
- Three speaker reviews commissioned

The Biomedical Basis of Elite Performance 2024

- *The Journal of Physiology* special issue
- Eight commissions already agreed
- Four research articles under review
- Deadline for submissions is 6 June 2025

- **Oral and poster presentations at Society meetings including Early Career Researchers (ECRs)**
  - 165 abstracts at two-day meetings, where 40% were presented by ECRs. Of these, 61 were oral communications.
  - 203 abstracts at *Physiology in Focus* 2024, where 46% were given by ECRs. Of these, 59 oral communications.

- **Networking at Society meetings and conferences**

Physiology in Focus 2024

- 66% who completed the feedback survey said that the networking opportunities were more valuable at *Physiology in Focus* 2024 due to the collaborative nature of the joint conference.

- Delegate feedback from *Physiology in Focus* 2024:

> *Joint meetings are better than standalone PhySoc events. More diverse attendees with better atmosphere and opportunities for engagements.*

&

> *Thought it worked well - it was nice to be back on a university campus. Also thought the Scandinavian Physiological Society brought something special to the meeting.*

Two-day meetings

- The networking opportunities in fostering meaningful connections and collaborations were rated as 4.7 (where one star is not very and five is very effective).
- Delegate feedback:

> *The meeting was a good size and offered plenty of opportunity for networking.*

&

> *Excellent meeting - interesting talks, new information, good interactions.*

- **Training Hub** – This continues to be one of the most popular sections of the website. We have added a new series to support techniques and members have developed their own resources for it free of charge, such as the recent industry collaboration resource developed by Southampton. We have also released a popular ECR toolkit to support career development.
- **Grant Tracker** – This innovative new tool enables members to explore relevant grant opportunities, saving them time and ensuring they don't miss out. It has proved extremely popular, with high engagement across the membership.

We will strengthen our links at key interfaces of physiology and between sectors

- **Education and Teaching**
  - Held the annual Education and Teaching focused meeting and saw a 20% increase in numbers of delegates.
  - 39 presentations on innovative ways to teach in the UK and Ireland biosciences
  - Delegate feedback:

> *The education events are excellent and the number of colleagues in the room in the last two iterations of this meeting clearly show the demand for this meeting. These meetings have been extremely useful for me in my career development and recognising a clear career path in science education.*

- Our policy project and report 'Physiology Passport' explored physiology's role in designing effective prevision medicine approaches. Through this project we had broad engagement across medical, data and life science sectors.

- Our 'Heat Resilience' project strengthened links across sectors, with a consensus statement signed by approx. 30 organisations including those from public health, clinical, climate policy and research.

We will play an influential role in shaping funding and public policy

2024 was a highly impactful policy year

- **Physiology Passport:** Our project *"Physiology Passport: Putting personalised prevention at the heart of resilient health systems"*, chaired by Professor Dame Melanie Welham, has helped shape the landscape around precision medicine and informed the ongoing debate in the UK about shifting the focus of healthcare towards prevention.

- **Global Heat Resilience Consensus statement:** Launched a global consensus statement in the UK Parliament on improving resilience to heatwaves, with 30 organisations signing up in support.

- **Heat and mental health:** We collaborated with Wellcome on a roundtable, report and journal article, co-published in JP and PLOS Mental Health, highlighting research gaps on the impact of rising heat on mental health.

- **The Global Climate and Health Summit:** Secured over first ever grant to support our policy work with Wellcome supporting us to deliver the Summit in July 2025.

- **UK Government policy advice:** We have worked closely with government officials to advise on how the changing climate's impact on physiology should influence government policy, such as considerations around rising temperatures.

We will be a forward-looking sustainable Society

- Completion of the CRM upgrade project has enabled us to integrate communications system to more effectively engage with members and other stakeholders
- Both JP and EP have seen sustained growth in submissions and acceptances throughout 2024, aided in large part by our special issues strategy, with ~30% of all submissions to both journals now coming from Special Issues. Final revenues from the journals were in robust health for 2024.
- Recent analysis done by staff also reflects that not only have both JP and EP succeeded in growing submissions in an increasingly competitive market, with respect to the number of journals now operating in the field of physiology, but that they have also done so in a research environment that has seen a decrease in funding and subsequent research output. This further highlights how challenging it has been to achieve the reversal in the decline of submissions.



Forward looking to 2025

Conferences

- IUPS 2025 Congress in Frankfurt with The International Union of Physiological Sciences (IUPS), The Federation of European Physiological Societies (FEPS), German Physiological Society (DPG) and The Scandinavian Physiological Society (SPS) – September
- Eight two-day meetings confirmed, with two in the pipeline to link with *The Journal of Precision Medicine: Health and Disease* and *The Journal of Nutritional Physiology*
- One Sandpit Meeting 'Harnessing the Ion Transportome to Treat Cancer'
- Scheduling has begun for 2026 two-day meetings

Publishing

- To support new Editors in Chiefs (EICs) in growing and developing launch journals – attending relevant conferences for commissioning and community networking, host first Editorial Board meetings (virtually), plan and launch journal development initiatives with the EiCs.
- Continue to nurture the Special Issue pipelines for JP and EP and support continued growth on those journals – Senior Editor and wider Board meetings, conference attendance for commissioning and community engagement, continue successful journal development initiatives such as the Fellowship and Future Leader schemes.
- Continue to work with our Events, Policy and Engagement teams to improve alignment in Society activity and use our journal platforms to increase visibility of other Society activity.

Engagement team

- The Climate and Health Summit will be held in July 2025 and will shape much of our policy focus next year, with the first half of the year focused on developing work streams related to the three conference strands: heat, air pollution and nutrition.
- We will build on the success of this first grant by submitting others in the area of climate change and heat. We are in advanced discussions about a Portsmouth/Kings College/Society collaboration on heat and mental health.
- Improved effectiveness of our member engagement with better data, increased touch points and overhaul of our cycle of member communications.
- Use data and community insights to tailor the resources we offer members in the Training Hub to maximise cost-benefit.
- Work with the new EDI committee to deliver on elements in the EDI roadmap, with an initial project focused around improving our EDI data.

Operations

- Maintenance works to the external envelope of Hodgkin Huxley House, including all brickwork and roof elements, as part of our commitment to maintaining HHH via our 20-year maintainable fund.
- Internal works programme at Hodgkin Huxley House, including refit and redecorating of all toilet facilities and redecorating of basement rooms.
- Continuing to optimise our technology use with the adoption of AI for meeting transcripts, integration of CRM with our email systems and power reporting tools, developing a staff intranet site for the dissemination of information, and continuing our cyber security commitments through Cyber Essentials compliance.
- Delivering a comprehensive and equable staff training programme, including staff wide mental health awareness training and anti-sexual harassment training.
- Implementing the new Data Protection and Digital Information Bill (currently the House of Lords committee stage) aims to reduce regulatory burdens and liberalising communications.

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 twelve, including two Independent Trustees and an Early Career Trustee. Board meetings are chaired by the President. The General Trustees shall always include in their number one person resident in the Republic of Ireland. Its full composition is detailed on page 48 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 Society's 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.

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, Equity Diversity and Inclusion, and Policy. 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 on the governance pages of The Society's website. The Board makeup can be found here.

Royal Charter

In 2025 Privy Council Office informed The Society that our Royal Charter application (the Charter and Bye-Laws with accompanying regulations) had progressed to the final stage. This enabled Trustees to call a General Meeting of the members (EGM) for the purpose of resolving to Petition his Majesty for the grant of a Charter by means of a formal vote.

A Royal Charter is an instrument of incorporation, granted by the King, which confers independent legal personality on an organisation and defines its objectives, constitution and powers to govern its own affairs. The granting of a Royal Charter is reserved for eminent professional bodies or charities with a proven record of achievement and financial stability. It recognises an organisation's expertise and serves as a prestigious mark of distinction within its field, raising the profile of the organisation, its members and the wider community, to external stakeholders and influencers, for example government departments. It also demonstrates public recognition of the professional competence and commitment to ethical standards of those engaged in the science.

The hybrid EGM took place on Monday 12 May at 15:30 and the members resolved to approve the formal application to the Privy Council for The Society to apply for Royal Charter status with 95.3% in favour of the Resolution. We will now submit to the Privy Council a signed and sealed Petition (together with the resolution) along with clean copies of the draft Charter and Bye-Laws.

Management and administration

The Society operates out of Hodgkin Huxley House. 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. This includes setting balanced budgets and managing property, 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 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 29 November 2024 The Society hosted its Member Forum which members could either attend in person at the Royal Society of Medicine in London or online. This event provided members with an opportunity to hear about our recent activities and exciting plans for the future as we look to raise the visibility of physiology in an inclusive and sustainable manner. In 2024 the Chairs of Publishing Committee, Scientific Conferences Committee and Policy Committee also gave an overview of their key areas of activity and impact including how these had raised the profile of physiology, advocated for the interests of members and engaged with a wide range of stakeholders. To retain transparency and enable open discussion between the Board and the membership there was opportunity for members (both online and in person) to ask questions.

Those attending in person were able to speak with a number of early career members who presented their posters as part of the Rob Clarke Awards. There was also an 'in conversation' discussion where former

President, Professor David Paterson (University of Oxford, UK), talked with the three Editors-in-Chiefs of The Society's journals: Professor Kim Barrett (UC Davis, USA) for *The Journal of Physiology*, Damian Bailey (University of South Wales, UK) for *Experimental Physiology* and Jo Adams (University of Bristol, UK) for *Physiological Reports*.

In addition the 2024 President's Lecture and Awards ceremony recognised new Honorary Fellows, Fellows and Rob Clarke Award winners. The prestigious 2024 President's Lecture was delivered by Professor Nessa Carey. The title of her lecture is 'Epigenetics and junk sequences – the death of the gene-centric dogma of DNA'. The evening concluded with networking and canapes. The slides and recording from The Physiological Society 2023 Member Forum and President's Lecture can be accessed via our website.

Risk Management

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.

The Society maintains a Risk Policy and a Risk Register, which together provide the framework and controls for identifying, assessing, and managing risk. The Senior Management Team regularly review the strategic risks facing The Society and oversee plans for mitigating these risks. Our Strategic Risk Register is updated regularly, and the strategic risks and associated mitigations are a standing item in the Finance Committee agenda, to ensure thorough oversight and reports directly to the Board of Trustees.

Risk management is embedded in The Society's core business processes and decision-making, ensuring that potential threats and opportunities are considered as part of strategic and operational planning. Risk scoring is calculated as Likelihood x Impact + Impact, and all risk is categorised as one of the following risk types: Governance, Regulatory, Financial, Environmental and External, and Law and Regulation Compliance.

Publishing – single source of income

In 2024 the highest risk to The Society remained its dependency on a single source of income (publishing income), together with changes to the publishing landscape, such as Open access. To address this risk Trustees have put the following controls in place:

- **Reserves Policy – designated pots**
  - Continuity Fund: This ensures sufficient time to transition to alternative operating models, in an orderly fashion, should publishing income collapse. The Continuity Fund was established to represent 30 months operating costs excluding publishing, grants expenditure and one-off costs.
  - Free Reserves: In 2022 Trustees agreed to increase the Free Reserves above the target while they understand fully the impact of the changing publishing landscape and with a judgment that additional funds will be required in the years ahead after 2026.

- **5-Year Business Plan** – The Board has a five-year business plan under review. To build on work initiated in 2023, the Board established two working groups in 2024, with administrative support provided by the Chief Executive. The remit of the Expenditure Reduction Working Group and the Income Generation Working Group was to review and reduce expenditure and to generate additional income respectively. This was achieved by stabilising costs in response to declining income, streamlining operations, and enhancing efficiency to ultimately ensure The Society delivers its strategy in a more synergistic and

sustainable way. This resulted in two new Open Access journals being launched in conjunction with alternative sources of income from grant funding being secured alongside a Board approved staff restructure and a realignment of our activities.

- **Budget Sustainability** – In 2023 Trustees agreed to pursue a zero-based operating budget prior to investment gains and losses and strategic projects. This was continued for 2024 and 2025 budget planning.

Other ongoing risks - Membership decline

Our membership numbers have been in steady decline for several years, mirroring broader sector trends due in part to reduced affinity for membership organisations and financial and time constraints in academia. While membership income contributes only approx. 3% of our revenue, our members are key to the success of The Society facilitating key activities such as publishing, conferences and policy work. While our retention rate remains high it is recruitment of new members that remains challenging. Consequently the Board has set up a Trustee led group to review previous initiatives and explore if there are any cost-effective initiatives we could implement to grow the membership.

Sustainability

In 2024 The Society continued its commitment to following its Sustainability Policy Statement. This defines our commitment towards ethical and environmentally friendly practices within our organisation and our commitment to building a sustainable organisation. This can be measured in economic terms, i.e. reducing expenditure and saving money, but it also accepts its responsibility towards environmental and social impact.

The Guiding Principles of the policy are set out below:

- To comply with, and exceed where practicable, all applicable legislation, regulations, and codes of practice.
- To integrate sustainability considerations into all our business decisions.
- To ensure that all staff, Trustees and Volunteers are fully aware of our Sustainability Policy and are committed to implementing and improving it.
- To minimise the impact of all office and transportation activities on the environment.
- To make suppliers aware of our Sustainability Policy and encourage them to adopt sound sustainable management practices.
- To review, annually report, and continually strive to improve our sustainability performance.

With focus on the following primary areas:

- Governance
- Conferences and events
- Travel and transport
- Technology and the office, including energy
- Finance
- Social responsibility

The Sustainability Policy can be accessed here.

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 9th day of July 2025 on their behalf by:

Annette C Dolphin (Jul 9, 2025 16:54 GMT+1)

Annette Dolphin

President

Andrew Parker

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 (the 'charitable company') for the year ended 31 December 2024 which comprise the statement of financial activities, the balance sheet, 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 2024 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 and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, 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. 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 Audit LLP, Statutory Auditor
130 Wood Street, London, EC2V 6DL, UK

Buzzacott Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

10 July 2025

3 Statement of financial activities

For the year ended 31 December 2024

	Note	Unrestricted funds £'000	Restricted funds £'000	2024 Total £'000	2023 Total £'000
Income from:					
Donations		3	171	**174**	3
Charitable activities	7.1	4,047	-	**4,047**	3,844
Investments	7.2	579	-	**579**	483
Total		4,629	171	**4,800**	4,330
Expenditure on:					
Raising funds:					
Investment management costs		51	-	**51**	48
Charitable activities:					
Publications		1,596	-	**1,596**	1,521
Events		629	1	**630**	664
Engagement		1,322	4	**1,326**	1,545
Other		127	-	**127**	120
Total	7.3	3,725	5	**3,730**	3,898
Net income before net gains and losses on investments		**904**	**166**	**1,070**	432
Net (losses)/gains on investments		(223)	-	**(223)**	247
(Losses) on revaluation of investment property		(130)	-	(130)	(300)
Net movement in funds		**551**	**166**	**717**	379
Reconciliation of funds					
Fund balances as at 1 January 2024		16,065	76	16,141	15,762
Fund balances as at 31 December 2024		**16,616**	**242**	**16,858**	16,141

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 33 to 35 and the notes on pages 36 to 47 form part of these accounts.

4 Balance sheet (Company Number: 00323575)

As at 31 December 2024

	Note	Unrestricted funds £'000	Restricted funds £'000	2024 Total £'000	2023 Total £'000
Fixed assets					
Tangible assets	7.8	1,401	-	**1,401**	1,435
Investment Property	7.9	2,393	-	**2,393**	2,523
Investments	7.10	10,410	-	**10,410**	10,426
		14,204	-	**14,204**	**14,384**
Current assets					
Debtors	7.11	3,809	170	**3,979**	3,336
Cash & cash equivalents	7.15	2,201	72	**2,273**	1,692
Short term deposits		32	-	**32**	-
		6,042	242	**6,284**	**5,028**
Liabilities					
Creditors falling due within one year	7.12	(3,630)	-	**(3,630)**	(3,271)
Net current assets		2,412	242	**2,654**	**1,757**
Net assets		**16,616**	**242**	**16,858**	**16,141**
Unrestricted funds - General	7.13	5,075	-	**5,075**	4,434
Designated funds	7.13	11,541	-	**11,541**	11,631
Restricted funds	7.13	-	242	**242**	76
Total funds		**16,616**	**242**	**16,858**	**16,141**

The accounting policies on page 33 to 35 and the notes on pages 36 to 47 form part of these accounts.

This report was approved and authorised for issue by the Trustees of The Physiological Society and signed on this 9th day of July 2025 on their behalf by:

Annette C Dolphin (Jul 9, 2025 16:54 GMT+1)

A J. Parker

Annette Dolphin ***Andrew Parker***

President ***Honorary Treasurer***

5 Statement of cash flows

For the year ended 31 December 2024

	Note	2024 Total £'000	2023 Total £'000
Cash flows from operating activities:	7.14	**278**	**(85)**
Cash flows from investing activities:			
Dividends and interest		579	483
Purchase of investments		(1,933)	(1,279)
Purchase of tangible fixed assets		(37)	(19)
Purchase of short term deposits		(32)	-
Movement in cash awaiting investment		16	136
Proceeds from sale of investments		1,710	1,944
Net cash provided by investing activities		**303**	**265**
Change in cash and cash equivalents in the year		**581**	**180**
Cash and cash equivalents at the beginning of the year		1,692	1,512
Cash and cash equivalents at the end of the year		**2,273**	**1,692**

	1/01/2024 £'000	Cashflows £'000	31/12/2024 £'000
Analysis of Net Debt			
Cash at Bank	1,692	581	2,273
Short term deposits	-	32	32
Cash held by investment manager	92	(16)	76
Total	**1,784**	597	2,381

6 Accounting policies

For the year ended 31 December 2024

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. 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 not identified any material uncertainties in relation to going concern and have therefore 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 level of estimation and uncertainty are deemed to be in relation to the valuation of both listed investments (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 7.13.

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.

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. The Board approved policy is we will obtain a full Red Book valuation every three years, with a desktop valuation in the intervening years, carried out by an indemnified property agent. In 2023, 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 and 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.

7 Notes to the financial statements

For the year ended 31 December 2024

7.1 Income from charitable activities

	Unrestricted	Restricted	2024 Total £'000	2023 Total £'000
Publications	3,751	-	**3,751**	3,580
Events	163	-	**163**	137
Membership subscriptions	133	-	**133**	127
	4,047	**-**	**4,047**	3,844

Prior year income from charitable activities

	Unrestricted	Restricted	2023 Total £'000
Publications	3,580	-	3,580
Events	137	-	137
Membership subscriptions	127	-	127
	3,844	**-**	3,844

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.

7.2 Income from investments

	2024 Total £'000	2023 Total £'000
Dividend income	**259**	249
Investment property rental	**257**	191
Bank deposit interest	**63**	43
	579	**483**

Notes to the financial statements (cont.)

For the year ended 31 December 2024

7.3 Analysis of expenditure

	Grants costs £'000	Other direct costs £'000	Support & governance costs £'000	2024 Total £'000	2023 Total £'000
Raising funds:					
Investment management costs	-	51	-	**51**	48
Charitable activities:					
Publications	-	1,333	263	**1,596**	1,521
Events	-	444	186	**630**	664
Engagement	51	818	457	**1,326**	1,545
Other	-	70	57	**127**	120
TOTAL	**51**	**2,716**	**963**	**3,730**	3,898

Prior year Analysis of expenditure

	Grants costs £'000	Other direct costs £'000	Support & governance costs £'000	2023 Total £'000
Raising funds:				
Investment management costs	-	48	-	48
Charitable activities:				
Publications	-	1,268	253	1,521
Events	-	490	174	664
Engagement	60	1,017	468	1,545
Other	-	65	55	120
TOTAL	60	2,888	950	3,898

Charitable expenditure was £3,679,000 (2023: £3,850,000) of which £3,674,000 was unrestricted (2023: £3,841,000) and £5,000 was restricted (2023: £9,000).

Notes to the financial statements (cont.)

For the year ended 31 December 2024

7.4 Analysis of support and governance costs

The Society initially identifies the costs of its support functions. It then identifies those costs that relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the primary activities undertaken (see Note 7.3) in the year. The Trustees have decided to meet all 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	2024 Total £'000	2023 Total £'000	Basis of apportionment
Staff costs	104	202	**306**	299	Allocated on time
Employee-related costs	55	10	**65**	74	Allocated on time
Premises – office	145	25	**170**	186	Allocated on time
Technology	113	19	**132**	99	Allocated on time
Insurance	24	4	**28**	28	Allocated on time
Irrecoverable VAT	10	2	**12**	15	Allocated on time
Financial costs	9	2	**11**	10	Allocated on time
Depreciation	61	10	**71**	66	Allocated on time
AGM, Council and committee expenses	-	26	**26**	39	Governance
Auditors remuneration	-	13	**13**	12	Governance
Legal and professional	110	19	**129**	122	Allocated on time
TOTAL	**631**	**332**	**963**	950	

Prior year analysis of support and governance costs

	General support £'000	Governance function £'000	2023 Total £'000
Staff costs	104	195	299
Employee-related costs	63	11	74
Premises – office	159	27	186
Technology	85	14	99
Insurance	24	4	28
Irrecoverable VAT	13	2	15
Financial costs	8	2	10
Depreciation	56	10	66
AGM, Council and committee expenses	-	39	39
Auditors remuneration	-	12	12
Legal and professional	104	18	122
TOTAL	616	334	950

Notes to the financial statements (cont.)

For the year ended 31 December 2024

7.5 Analysis of grants

	2024 Number	2023 Number	2024 Total £'000	2023 Total £'000
Travel grants	95	106	**29**	33
Departmental engagement	48	38	**25**	18
Professional development	5	15	**4**	11
Undergraduate awards	47	3	**4**	1
Grants written back in year	(17)	(6)	**(11)**	(3)
TOTAL	**178**	156	**51**	60

7.6 Staff costs

	2024 Total £'000	2023 Total £'000
Gross wages and salaries	**1,240**	1,190
Social security costs	**128**	129
Pension costs	**114**	117
	1,482	1,436

Included in the above were sums relating to redundancy or termination payments totalling £26,274 (2023: £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 £552,657 (2023: £509,536).

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

	2024 Number	2023 Number
CEO	**1.0**	1.0
Operations	**3.7**	3.7
Publishing	**5.8**	5.5
Scientific Conferences	**3.8**	3.8
Membership and Engagement	**8.3**	11.0
	22.6	25.0

Notes to the financial statements (cont.)

For the year ended 31 December 2024

Emoluments of employees

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

	2024 Number	2023 Number
£60,001 – £70,000	**1**	2
£70,001 – £80,000	**1**	1
£80,001 – £90,000	**2**	1
£130,001 – £140,000	**-**	1
£140,001 – £150,000	**1**	-
	5	5

The total pension contributions for the above higher paid staff were £44,162 (2023: £42,446).

7.7 Related party transactions

All Trustees are Members of The Physiological Society. The Trustees received no remuneration in respect of their services to The Society, but certain host departments received academic support amounting to £13,716 (2023: £13,677) and Trustees (10 in total) incurred expenses totalling £5,489 (2023: 12, £10,617).

Academic support

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

Trustee		2024 £'000	2023 £'000
L Green	University of Southampton	**3**	3
C Hall	University of Sussex	**7**	7
P McLoughlin	University College Dublin	**4**	4
TOTAL		**14**	14

Travel Grants

No Trustees were awarded travel grants in the year (2023: £Nil)

Notes to the financial statements (cont.)

For the year ended 31 December 2024

7.8 Tangible fixed assets

	Freehold property £'000	Freehold improvements £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost:				
At 1 January 2024	1,658	395	305	**2,358**
Additions	-	-	37	**37**
Disposals	-	-	(165)	**(165)**
At 31 December 2024	1,658	395	177	**2,230**
Accumulated depreciation				
At 1 January 2024	368	291	264	**923**
Charge for the year	33	26	12	**71**
Disposals	-	-	(165)	**(165)**
At 31 December 2024	401	317	111	**829**
Net book value at 31 December 2024	**1,257**	**78**	**66**	**1,401**
Net book value at 31 December 2023	1,290	104	41	1,435

7.9 Investment property

	2024 Total £'000	2023 Total £'000
Fair value at the start of the year	**2,523**	2,560
Transfer from Tangible Fixed Assets	**-**	263
Revaluation during the year	**(130)**	(300)
Fair value at the end of the year	**2,393**	2,523

The Trustees requested a formal valuation in December 2024. A formal desktop valuation report as at 4 February 2025, by Daniel Watney LLP, an indemnified property agent, was received. As a result the value of the portion of the property held as an investment asset has been reduced by £130,000.

Notes to the financial statements (cont.)

For the year ended 31 December 2024

7.10 Investments

	2024 Total £'000	2023 Total £'000
Analysis of investments at 31 December by category of holding		
Market value of listed investments	**10,334**	10,334
Cash held as part of the portfolio	**76**	92
	10,410	10,426
Analysis of movements in investments		
Market value at 1 January 2024	**10,334**	9,752
Additions	**1,933**	2,279
Opening market value of disposals in the year (proceeds: £1,710k (2023: £1,944k))	**(1,681)**	(1,902)
Net unrealised gains	**(252)**	205
Market value at 31 December 2024	**10,334**	10,334
Historic cost at the year end	**11,682**	11,649

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

7.11 Debtors

	2024 Total £'000	2023 Total £'000
Trade debtors	**3,302**	2,903
Other debtors	**374**	306
Prepayments	**99**	127
Accrued income	**204**	-
	3,979	3,336

7.12 Creditors

	2024 Total £'000	2023 Total £'000
Trade creditors	**145**	224
Other taxes and social security costs	**514**	450
Other creditors	**46**	51
Accruals	**185**	141
Deferred income	**2,740**	2,405
	3,630	3,271

Notes to the financial statements (cont.)

For the year ended 31 December 2024

7.13 Deferred income

	2024 Total £'000	2023 Total £'000
At January 2024	**2,405**	2,521
Amount released in the year	**(2,405)**	(2,521)
Amount deferred in the year	**2,740**	2,405
At 31 December 2024	**2,740**	2,405

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

7.14 Movement in funds

	Opening balance £'000	Income £'000	Expenditure £'000	Net gains £'000	Transfers £'000	Closing balance £'000
Unrestricted funds						
General funds	**4,434**	**4,629**	**(3,704)**	**(223)**	**(61)**	**5,075**
Designated funds						
Bannister Legacy	7	-	(2)	-	-	5
HHH Property fund	3,987	-	-	(130)	-	3,857
HHH Maintenance fund	537	-	(8)	-	**50**	579
Continuity fund	7,100	-	-	-	-	7,100
Unlocking Futures fund	-	-	(11)	-	**11**	-
Total designated funds	**11,631**	**-**	**(21)**	**(130)**	**61**	**11,541**
Total unrestricted funds	**16,065**	**4,629**	**(3,725)**	**(353)**	**-**	**16,616**
Restricted funds						
Bayliss and Starling Society fund	**40**	-	**(1)**	-	-	39
Paton prize bursary fund	**16**	-	**(1)**	-	-	15
Inclusion and Diversity fund	**6**	-	**(2)**	-	-	4
Unlocking Futures fund	**1**	1	**(1)**	-	-	1
Sharpey Schafer fund	**13**	-	-	-	-	13
Wellcome Trust fund	-	170	-	-	-	170
Total restricted funds	**76**	171	**(5)**	-	-	**242**
Total funds	**16,141**	**4,800**	**(3,730)**	**(353)**	**-**	**16,858**

Notes to the financial statements (cont.)

For the year ended 31 December 2024

	2024 Total £'000	2023 Total £'000
Unrealised (losses)/gains included above:		
On listed investments	**(1,272)**	(1,223)
On investment property	**224**	354
Total unrealised (losses)/gains at 31 December 2024:	**(1,048)**	(869)
Reconciliation of movements in unrealised gains		
Unrealised gains at January 2024	**(869)**	(849)
Difference between historical cost and realised gains/losses on listed investments and the actual realised gains/losses on the revalued amounts	**203**	75
Unrealised (losses)/gains on listed investments arising in the year	**(252)**	205
Revaluation of investment property in the year	**(130)**	(300)
Unrealised (losses) at 31 December 2024	**(1,048)**	(869)

Prior Year Movement in funds

	Opening balance £'000	Income £'000	Expenditure £'000	Net gains £'000	Transfers £'000	Closing balance £'000
Unrestricted funds						
General funds	3,781	4,330	(3,874)	247	(50)	4,434
Designated funds	11,896	-	(15)	(300)	50	11,631
Bannister Legacy	8	-	(1)	-	-	*7*
HHH Property fund	4,287	-	-	(300)	-	*3,987*
HHH Maintenance fund	501	-	(14)	-	50	*537*
Continuity fund	7,100	-	-	-	-	*7,100*
Total unrestricted funds	15,677	4,330	(3,889)	(53)	-	16,065
Restricted funds						
Bayliss and Starling Society fund	41	-	(1)	-	-	40
Paton prize bursary fund	17	-	(1)	-	-	16
Inclusion and Diversity fund	9	-	(3)	-	-	6
Unlocking Futures fund	5	-	(4)	-	-	1
Sharpey Schafer fund	13	-	-	-	-	13
Total restricted funds	85	-	(9)	-	-	76
Total funds	15,762	4,330	(3,898)	(53)	-	16,141

Notes to the financial statements (cont.)

For the year ended 31 December 2024

Designated funds

The Society has designated a HHH Property Fund (£3,857,000) 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, £0.579m 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 81% 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 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.

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.

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 £15,000.

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 provides support for Members to run activities that address Equality, Diversity, and Inclusion to create a community and culture in which they are embedded in activities aligned with The Society's objectives. The balance on the fund at 31 December is £4,000. Applications for this fund are reviewed by The Society's EDI Committee.

In 2022 the Unlocking Futures Fund was created in memory of Professor Hisako Ikeda-Wolstencroft, a valued member of The Society and a world leader in the field of vision research. In her memory, Professor Ikeda-Wolstencroft's family made the founding donation to The Society's new Unlocking Futures Fund of £5k with the aim of unlocking the potential of a future leader of physiology. The Society encourages members and the wider community to donate to this fund to help sustain this avenue of support for members to access when they most need it. To ensure the continued sustainability of this fund the Board agreed to also designate money to this fund (see designated funds) to ensure that we are able to continue to support postdoctoral researchers to help them achieve their full potential.

In December 2024, The Society was awarded a grant from the Wellcome Trust of up to £169,545 to support The Health Climate Summit which will take place on Wednesday 16 July to Thursday 17 July 2025. No expenses were incurred in 2024.

Notes to the financial statements (cont.)

For the year ended 31 December 2024

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

	2024 Total £'000	2023 Total £'000
Net movement in funds	**717**	378
Losses/(gains) on investments	**223**	(247)
Losses on Investment Property Revaluation	**130**	300
Depreciation charges	**71**	65
Loss on disposal of fixed assets	**-**	3
(Decrease) in debtors	**(643)**	(103)
Increase in creditors	**359**	2
Dividends and interest	**(579)**	(483)
Net cash used in operating activities	**278**	(85)

7.16 Analysis of cash and cash equivalents

	2024 Total £'000	2023 Total £'000
Cash in hand	**2,273**	1,692
	2,273	1,692

7.17 Lease receivables

As at 31 December 2024, the charity had total future minimum rentals receivable under operating leases due as follows:

	2024 Total £'000	2023 Total £'000
Not later than one year	**178**	168
Later than one year and not later than five years	**86**	264
	264	432

Notes to the financial statements (cont.)

For the year ended 31 December 2024

7.18 Comparative SoFA per FRS 102

	Unrestricted funds £'000	Restricted funds £'000	2023 Total £'000
Income from:			
Donations	3	-	**3**
Charitable activities	3,844	-	**3,844**
Investments	483	-	**483**
Total	**4,330**	**-**	**4,330**
Expenditure on:			
Raising funds:			
Investment management costs	48	-	**48**
Charitable activities:			
Publications	1,521	-	**1,521**
Events	663	1	**664**
Engagement	1,537	8	**1,545**
Other	120	-	**120**
Total	**3,889**	**9**	**3,898**
Net income/(expenditure) before gains on investments	**441**	**(9)**	**432**
Net gains on investments	247	-	**247**
(Losses) on revaluation of investment property	(300)	-	**(300)**
Net movement in funds	**388**	**(9)**	**379**
Reconciliation of funds			
Fund balances as at 1 January 2023	15,677	85	15,762
Fund balances as at 31 December 2023	**16,065**	**76**	**16,141**

8 Standing information

Registered Office
Hodgkin Huxley House, 30 Farringdon Lane, London, EC1R 3AW, UK

TRUSTEES

Honorary Officers
President
David Attwell (demitted Member Forum 2024)
President Elect
Annette Dolphin (President from Member Forum 2024)
Honorary Treasurer and and Chair, Finance Committee
Andrew Parker

General Trustees
Daniel Brayson (demitted Member Forum 2024)
Heidi de Wet
Áine Kelly
Féaron Cassidy (took office Member Forum 2024)
David Wyllie (took office Member Forum 2024)

Independent Trustees
Richard Marshall
Hugh Montgomery

Chair of Committees
Chair, Publications Committee
Paul McLoughlin
Chair, Scientific Conferences Committee
Catherine Hall
Chair, Policy Committee
Mike Tipton
Chair, Communities Committee
Lucy Green (demitted Member Forum 2024)
Chair, Equity, Diversity and Inclusion Committee
Nephtali Marina-Gonzalez (from Member Forum 2024)

Key management personnel
Dariel Burdass, Chief Executive
Sarah Bundock, Head of Events and Marketing
Andrew Mackenzie, Associate Director of Strategy and External Relations
Liam McKay, Associate Director of Operations
Lucinda Periac-Arnold, Head of Publishing

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

Solicitors
Broadfield Law UK LLP, 50 Broadway, Westminster, London, SW1H 0BL, UK
Russell-Cooke LLP, 8 Bedford Row, London, WC1R 4BX, UK

Auditors
Buzzacott Audit LLP, 130 Wood St, London, EC2V 6DL, UK

Investment fund managers
Greenbank Investments, 8 Finsbury Circus, London, EC2M 7AZ, UK

Independent Investment Consultants
Broadstone Financial Solutions Ltd., 100 Wood Street, London, EC2V 7AN, UK

Company number 00323575

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The Physiological Society

THE PHYSIOLOGICAL SOCIETY

England & Wales - Charity number 211585

Accounts

Trustees' Annual Report and Accounts

for year ended 31 December 2023

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www.physoc.org

THE PHYSIOLOGICAL SOCIETY

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1 Introduction from President and Chief Executive

Enhancing the visibility of physiology in an inclusive and sustainable manner

The successes of the last twelve months of 2023 stand as a testament to the collective and collaborative endeavours of our dedicated staff, trustees, and the global community of volunteers who aid The Society's work. Together, they have contributed to various roles ranging from serving on committees and editorial boards, participating in expert panels, through to engaging in projects that echo The Society's mission.

Recognising that our true strength lies in unique contributions from diverse people, we have embarked on a transformative journey with the launch of our Equity, Inclusion, and Diversity Roadmap. This strategic framework ensures that our activities resonate with diverse perspectives, cultures, backgrounds, and experiences. By embracing diversity, we acknowledge that our collective impact far surpasses the sum of individual efforts. It is through teamwork, bound by our unwavering commitment to inclusivity, that we have achieved significant milestones and played a pivotal role in shaping the future of physiology. Working with our Diversity & Inclusion Champion Trustee, Nephtali Marina-Gonzalez, we have started to look at our processes across the organisation, for example, how we award prizes and awards, as well as how we can increase the overall participation of groups which are currently underrepresented in leadership roles at The Society.

The year commenced with the launch of our new strategy calling on physiologists worldwide to come and help us change the world. While today's world differs vastly from that of 1876, our core charitable objects remain unchanged: to promote for the benefit of the public the advancement of physiology, and support and inspire our community to advance the physiological sciences. Our strategy is centred around three pillars: strengthening the physiology community, securing the future of the discipline, and using physiological evidence to improve public health.

Since our foundation in 1876, our members have been at the heart of The Society. This year we saw The Society bucking the trend of many member organisations as our numbers of Full and Fellow members increased – up 4% since the start of the year. We have improved our offering to members, including providing exclusive member benefits enhanced by improved member communications which deliver more relevant and targeted content. We also overhauled our systems and ran an engaging membership campaign, #PhysiologyChangesTheWorld.

Launched in April, our Training Hub serves as a comprehensive resource for physiologists seeking career advancement. The online hub, exclusive to members, offers tailored resources which focus on developing techniques, understanding concepts, and improving skills such as project management.

We have also launched an extensive new series of video resources for early career lecturers which have received extremely positive feedback, as well as our new Physiology Grants Directory, a 'go-to' place for finding physiology grant funding. Please let us know if you think there are additional resources that we could potentially include on the Hub.

We continue to celebrate our rich history through our commemorative Blue Plaque scheme which honours outstanding physiologists who have contributed to the advancement of the discipline through their discoveries while leaving a legacy beyond their lifetime. The unveiling of Blue Plaques is seamlessly

integrated into our Member Roadshow, a multifaceted initiative designed to re-engage with our members in their respective institutions. In December 2023 we unveiled the inaugural Excellence in Physiology plaque at the University of Portsmouth. Earlier in the year, Society Blue plaques were unveiled at the University of Glasgow for Lord John Boyd Orr, Newcastle University for Francis Bainbridge, University of Aberdeen for John Macleod, and Kings College London for Ernest Starling. We thank our members at those host institutions who worked so hard with the staff at Hodgkin Huxley House to make these events such a success.

November 2023 marked the inaugural 'Physiology Week,' an extension of the longstanding Physiology Friday. With over 70 events globally—a substantial increase from Physiology Friday—we witnessed our members actively celebrating the science of life. From public lectures to coffee mornings, and from lab visits to school engagements, our diverse community showcased the essence of physiology with the #FacesOfPhysiology campaign, featuring over 200 physiologists celebrating the field's diversity. We encourage you to put Physiology Week 2024 in your calendars: it will be running from 18 – 22 November 2024.

Learned societies such as the Physiological Society are a critical part of the research landscape. The Society's publishing arm plays a pivotal role in our mission by disseminating cutting-edge research. Throughout 2023 we continued to uphold the status of our journals as leading authorities in the field of physiology, where any researcher should be proud to publish. We use the surplus from our international publishing operation to support our physiology community, advance physiology and increase the influence and impact of The Society with the public, policymakers, funders and other stakeholders. Our journal publishing supports services for members and the broader community. Adapting to the evolving landscape of academic journal publishing, especially with the rise of Open Access, has been a significant focus in 2023 and will continue to be a priority in the coming year.

This year we welcomed back Honorary Fellow Kim Barrett as the Editor-in-Chief of *The Journal of Physiology* (JP). Through her dedication and hard work with the Editorial Board, as well as that of the previous Editor- in-Chief Peter Kohl, The Society's pipeline of special issues has grown significantly which has helped lead to an 16% increase in submissions and a 11% increase in published content for 2023.

In 2023 *Experimental Physiology* (EP) transitioned to Gold Open Access, with Society members now enjoying a 10% discount on Article Processing Charges. We have focused on streamlining authors' processes by removing the Statistical Summary Document requirement for both JP and EP and improving the referrals process for an enhanced author experience.

We were delighted that *Physiological Reports* has received its first Journal Impact Factor of 2.5 and, in 2023, celebrated 10 years since its launch as a Gold Open Access journal in 2013.

In 2023 we introduced our new two-day meeting program featuring eight events across the year. This format allows us to run more events to support members: the themes are proposed by members for members and their community. This provides an opportunity for a more focused meeting where researchers can hear the latest research in their field, network with both early career and established researchers and forge new collaborations. Members are fully supported in running these events by Society staff who are responsible for the logistics, operations, and budget. Highlights included meetings on *Membrane Transport* in St Andrews, *Cross-Talk of Cells in the Heart* in Liverpool, *Regenerating the Cardiovascular System* in Oxford, and *Innovation and Updates in Teaching and Student Education across Physiology and STEM in the UK* in Leeds.

Excitingly, 2024 promises our most extensive meeting program ever, including 'Physiology in Focus 2024,' a joint meeting with the Scandinavian Physiological Society in Newcastle and nine two-day scientific meetings – check out our website for further details.

Policy initiatives form a critical part of our charitable objects. Through this work we seek to create and sustain an environment in which the physiological sciences can thrive by raising the profile of physiology and advocating for the interests of our members with funding organisations, higher education institutions and government. In 2023 we undertook six policy projects spanning topics such as 'the future of REF', 'healthy aging', and 'AI and health'. Our policy work is having clear impact – notably, eight out of 10 recommendations from our report on interdisciplinary research and the REF were adopted in part by Research England for REF2028.

We also actively supported the new research bill in the Republic of Ireland and collaborated with the Royal Society of Edinburgh in the Scottish Parliament. In November, we launched a new report on physiology and heat at a government conference and then in Parliament, uniting The Society with the Wellcome Trust, the Faculty of Public Health, and many others.

In December we were delighted to welcome physiologists, research leaders, funders and policy makers to our Member Forum and President's Lecture. Sir Jeremy Farrar delivered the 2023 President's Lecture and was awarded the President's medal. We also celebrated our Rob Clarke Awards, 2023 Fellow Members and 2023 Honorary Fellows.

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 2023 Honorary Fellows were:

- Professor Rose Anne Kenny MD FRCP FRCPI FRCPEdin FESC FTCD FFPHMI (Hon) MRIA D.Sc. h.c, Trinity College Dublin, Ireland
- Professor Philip Nolan MB BCh BAO BSc PhD MRIA, Science Foundation Ireland (CEO-designate Research Ireland), Ireland
- Professor David Paterson DPhil DSc, University of Oxford, Oxford, UK

Building on the strong foundations of 2023 we are confident that 2024 is set to be even better. With our largest-ever conference program, our shaping of the future of physiology in our journals, and our influential policy initiatives, we look forward to working with you to continue advancing the study of physiology together.

We thank you for your continued support.





David Attwell
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 2023.

This is the Trustees' Annual Report and Accounts for the year ended 31 December 2023 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 (Charities SORP – FRS 102).

The Society was incorporated by guarantee on 27 January 1937 under number 00323575. 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 (UK GAAP – 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.

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 - £3,580,000 (2022: 3,640,000), events - £137,000 (2022: £44,000) and investments and investment property - £483,000 (2022: £342,000).

Overview of the year

Charitable expenditure of £3,850,000 (2022: £3,964,000) was incurred during the year and has supported our charitable objects as set out in the statement of financial activities on page 24 of this report.

Publishing income (83% of total income) decreased slightly by £60,000 (1.6%). While The Society saw a robust performance in *The Journal of Physiology's* (JP) hybrid Open Access content in 2023 this was offset by a decrease in JP subscription income coupled with an under performance in *Experimental Physiology* since its flip to Open Access.

Events income in 2023 increased by £93,000, from £44,000 in 2022. The increase in events income was due to the Society hosting its main meeting in Harrogate in 2023 (the previous year The Society was part of Europhysiology 2022 in Copenhagen) coupled with the introduction of the new two-day focused meetings programme.

Investment fund income, which is all reinvested, increased by £12,000 (5%). Rental income associated with the rental of space in Hodgkin Huxley House rose by £91,000 (91%) to £191,000 compared to £100,000 in 2023. To help safeguard the property asset, £500,000 has been designated to reflect the ten-year building maintenance programme.

Overall, this has led to an operating surplus of £432,000 compared to £136,000 in the prior year. The surplus income has arisen because The Society is continuing to carefully control its costs which is coupled with additional savings that were found through a detailed process of review and critical analysis of costs by the CEO in conjunction with the Senior Management Team with approval from the Trustees in order to identify further savings including reductions to high-cost activities that added limited value which could be removed or scaled back.

Investment performance

As highlighted in the 2022 Trustee Annual Report the Board of Trustees took the decision to transfer The Society's portfolio to Rathbone Greenbank Investment Management. The Board engaged a team from PWC a leading consultancy firm with extensive experience in Investment Management to guide us through the review process. The transfer was carried out in quarters three and four of 2021. 2023 therefore represents the second full year of the new investment managers. Broadstone Group, who acquired PWC's private client and treasury investment consulting team, now provides independent advice on the performance of The Society's portfolio.

Following the net loss of £1,824,000 from the investment portfolio in 2022, the current year returned a £247,000 gain. As a result of this gain together with the reinvestment of investment income the total value of listed investments and cash held within the portfolio increased from £9,980,000 to £10,426,000.

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 2023, the managed portfolio returned a loss of 4.5% while the inflation target (CPI + 4.0%) amounted to 8.1%. The composite benchmark returned a loss of 10.5% 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 and the accompanying Responsible Investment Policy.

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 83% 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 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 Society has further designated a HHH Property Fund (£3,987,000) 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, £0.54m has been designated to an HHH Maintenance Fund to recognise essential future spending associated with the maintenance of the freehold property.

During the prior year a decision was taken to return the Strategic Investment Fund and the COVID-19 funds to General unrestricted funds.

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 2023 free reserves held totalled £4.4m, 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 and Public Benefit

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 referred 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.

Purpose, Vision

To further the objects of The Society, The Society has developed a five-year strategic plan (2023 – 2027) with a clear vision. For almost 150 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.

Purpose

To support and inspired our community to advance the physiological sciences.

Vision

A world in which physiological discovery leads to healthier lives.

Our Mission

- To increase the visibility of physiology as essential to tackling global challenges and act as catalyst for the dissemination of knowledge.
- To champion equity, inclusion and diversity.
- To forge a sustainable future for The Society.

Strategic Pillars

- *Strengthening the Community* – The physiology community will be better connected and more engaged, with increased participation from under-represented groups.
- *Securing the Future* – Physiology as a discipline is more secure, with research and teaching having increased funding and recognition.

- *Improving Health* – Physiology will have a greater influence in informing evidence based public policy.

Strategic Priorities

1. We will have a larger, more diverse community of members.
2. We will be essential to physiologists developing their career.
3. We will strengthen our links at key interfaces of physiology and between sectors.
4. We will play an influential role in shaping funding and public policy.
5. We will be a forward looking, sustainable Society.

Values

- Act with integrity and respect
  - Being fair and transparent in our processes.
  - Taking time to listen and being respectful of different viewpoints.
  - Being accountable for our actions and ensuring our decisions are evidence-based.

- Inspire and empower others
  - Expanding horizons and opening new opportunities.
  - Being innovative and forward-thinking.
  - Sharing skills, knowledge and ideas to realise everyone's potential.

- Embrace collaboration and diversity
  - Welcoming a diverse range of perspectives, people and ideas.
  - Recognising the value that each person contributes.
  - Supporting others to grow and work in the way that brings out their best.

1.4 Strategic aims and performance

Our community: a vibrant and rich legacy spanning nearly 150 years

This year The Society defied the prevailing trend observed among many member organisations by experiencing a notable increase in both Full and Fellow memberships—up by 4% since the year's commencement. In order to achieve this our efforts have focused on:

- enhancing member experiences through exclusive benefits;
- refining member communications to deliver more pertinent and tailored content;
- executing an engaging membership campaign #PhysiologyChangesTheWorld;
- working with our EDI Champion and Trustee to implement strategies and processes such as bias free performance evaluation and inclusive language and communication;
- creating a more inclusive and equitable environment with the aim to reduce unconscious bias and better representing individuals from underrepresented backgrounds across The Society.

In 2023 we launched our Excellence in Physiology plaque to run in parallel with our commemorative Blue Plaque scheme which honours outstanding physiologists who have contributed to the advancement of the discipline through their discoveries while leaving a legacy beyond their lifetime. This Award honours excellence in physiology at institutions that are centres of excellence for physiology in either discovery or leadership. The inaugural plaque was unveiled at the University of Portsmouth's Extreme Environments Laboratory.



Training Hub: Nurturing Career Advancement

In April we introduced our Training Hub, an exclusive online resource for physiologists aimed at career advancement. Tailored to members' needs, it offers resources covering techniques, concepts, and skills like project management. Since its launch, the Training Hub has seen a remarkable 337% increase in member resource usage, with 67% reporting its importance to their career development.

Academic Publishing: Critical Role of our Journal Publishing in Advancing Scientific Knowledge

The Society's journal publishing is critical for the dissemination, validation, and preservation of scientific knowledge, fostering collaboration, and driving innovation across physiology. It serves as a cornerstone of the knowledge landscape, facilitating the continuous advancement of human understanding and progress within the discipline. Throughout 2023 we persisted in upholding the status of our journals as leading

authorities in the field of physiology, where any researcher is proud to publish. Adapting to the evolving landscape of academic journal publishing, especially with the rise of Open Access, has been a significant focus in 2023 and will continue to be in the coming year. We will maintain our successful strategy of actively commissioning journal content to ensure that we build on the excellent pipeline of special issues started in 2023.

Conferences: A new era of engagement

To better meet the needs of our community in 2023, we launched a new two-day meeting program, offering a series of focused scientific events throughout the year. This member-driven format allows us to host more events tailored to our community's needs and interests. Researchers benefit from focused meetings featuring the latest research in their field, networking opportunities with peers, and the chance to establish collaborations. Society staff provide full support in organising these events, handling logistics, operations, and budget management.

Excitingly, 2024 heralds our most expansive meeting program to date, featuring 'Physiology in Focus 2024, a joint meeting with the Scandinavian Physiological Society in Newcastle and nine two-day scientific meetings – check out our website for further details.

Raising the Profile of Physiology: Impactful Policy Work

Through our policy work, we aim to foster an environment conducive to the growth and raising the visibility of physiological sciences alongside advocating for our members' interests with funding organisations, higher education institutions, and governments. In 2023, we undertook six policy projects on topics like, the future of REF, healthy aging, and AI in health. We monitor and evaluate our outputs and our policy efforts continue to have tangible impacts. We continue to successfully partner and collaborate with other organisations for example, in November, we launched a new report on physiology and heat at a government conference and then in Parliament, uniting The Society with Wellcome, the Faculty of Public Health, and many others.

Building on strong foundations for a bright future

Drawing on the expertise, resources, engagement, and advocacy of our physiology community we look forward to building upon the successes of 2023. We anticipate an even more impactful year in 2024 and look forward to continuing to shape the future of physiology together:

- with our largest-ever conference program,
- groundbreaking research in our journals,
- influential policy initiatives, and
- a more diverse and inclusive membership

We will have a larger, more diverse community of members

- The Society introduced a new two-day meeting programme which is focused on re-connecting The Society with its communities and institutions. These specialist meetings - by the members for the members – proved to be very popular across the various physiology themes and career stages. Highlights included meetings on *Membrane Transport* in St Andrews, *Cross-Talk of Cells in the Heart* in Liverpool, *Regenerating the Cardiovascular System* in Oxford, and *Neurophysiological Basis of Human Movement* in London. These meetings attracted people from over 100 different institutions and over 20 different countries. Feedback on these meetings included:



This meeting was small enough to be friendly and engaging; big enough to be interesting. The focus just right.

&

It was a great conference, small and very focused, with almost every presentation of my personal interest. The choice of speakers was excellent! In addition, I had enough time for personal, formal and informal discussions.

- There was a 4% increase of UK and Ireland Full and Fellow members over the course of 2023.
- The Physiology Week campaign featured over 70 worldwide events and engaged hundreds of physiologists. There was participation from physiologists from underrepresented backgrounds ensuring diverse voices were seen and heard.
- There were improved member communications including the introduction of a member pipeline and follow-up programme to improve impact and influence with both prospective leads and lapsing members.
- The Society unveiled its inaugural Excellence in Physiology plaque at the University of Portsmouth in recognition of its excellence for acquiring and applying physiological knowledge to the preservation of life and function in extreme environments. In launching this new annual scheme, The Society honours institutions that are centres of excellence for physiology in either discovery or leadership and hopes to widen the geographic spread of its membership.

We will be essential to physiologists developing their career

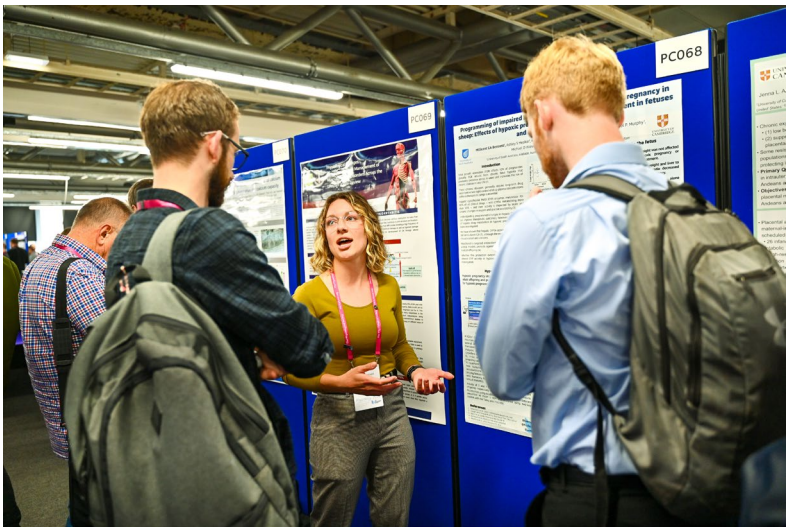
- Society meetings featured over 430 oral and poster presentations where 70% were delivered by Early Career Researchers. These opportunities are vital to receive feedback on research and for developing professional networks. Specific feedback included:

I have made excellent professional connections at this meeting that I never did throughout my entire career so far.

&

Smaller meetings, like this one, provide better opportunities for networking and allow to discuss science in a more coherent context.

- 80% of respondents to feedback surveys said that Society conferences were essential for their career development.
- The Society expanded the frequency of special issues in its Journals, including commissioning content from Society meetings. This provides important opportunities for members and non-members to participate in our publishing activity and advance their career through acting as Guest Editors for special issues, gain experience in both authoring manuscripts, and participating in peer review.
- The Society launched the Training Hub as a 'one stop shop' for career support resources. The Training Hub resulted in a 330% increase in members utilising The Society's career support and training resources. This included a new series of video resources to support new physiology lecturers.
- 67% of respondents to the 2023-member survey rated The Society as important to their career development.



We will strengthen our links at key interfaces of physiology and between sectors

Clinical sector

- To improve our links with the clinical community, The Society welcomed at the end of 2022 a new Clinical Trustee – Hugh Montgomery who practices as a consultant in intensive care at the Whittington hospital in North London. We also launched a Clinical Hub at Physiology 2023 and at the Intensive Care Society conference, with two Early Career members recruited as Conveners, with support from the relevant Trustees. The aim of this Hub is to achieve greater collaboration and networking opportunities between clinicians and physiologists, as well as to bridge the gap between advances in basic science, translational research and their application to medicine.
- The Society partnered with the Faculty of Public Health on a policy project focused on improving national resilience to more frequent extreme heat resulting from climate change and with the Faculty of Occupational Medicine on a policy project to explore how physiological research can support people to remain healthier for longer and support the older workforce. Clinical staff and industry representatives provided important insight into a report into the safe and effective implementation of artificial intelligence in healthcare.
- The Society hosted an online Drowning Prevention and Treatment meeting exploring medical and physiological aspects of drowning.

Industry sector

- To improve our links into the application of physiology in industry, The Society recruited a new Industry Trustee – Richard Marshall (Juvenescence).
- The Society worked with representatives from industry on the Steering Group of the AI policy report, established an AI and Physiology Task Force with an industry co-chair, and included case studies from three industry partners across our policy reports.

Education & teaching

- 21% of respondents to our 2023-member survey said their primary professional activity was academic teaching. A further 40% said their focus was a combination of teaching and research.
- The Society established an annual Education and Teaching focused meeting. 80% of respondents to the feedback survey for our 2023 conference 'Innovation and Updates in Teaching and Student Education across Physiology and STEM in the UK' at the University of Leeds reported that this 2023 meeting was 'very essential' for their career development. One respondent shared their thoughts on the meeting:



> *This meeting was fantastic! It was filled with inspiring, thought-provoking work and chances for people with all levels of teaching experience to contribute. I would love this to happen every year.*

- The Society worked with education members to develop a new resource for new lecturers focused on physiology topics pivotal to undergraduate physiology/bioscience curriculums for the Training Hub.

We will play an influential role in shaping funding and public policy

- In 2023 The Society had around 200 strategic interactions with over 750 stakeholders. These included strong partnerships with organisations such as Wellcome Trust, UKRI, Faculty of Public Health, and the Alan Turing Institute.
- The Society published reports into an array of areas to demonstrate the vital role of physiological insight in informing the policy landscape, including in areas such as healthy ageing and work, AI & health, climate & health, and a showcase of Scottish research. We responded to seven policy consultations on policy areas such as the *Major Conditions Strategy - how to prevent, diagnose, treat and manage the six major groups of health conditions that most affect the population in England and the future of AI regulation*.



- Recommendations from The Society's report 'Understanding Early Exiters' were included as part of the Chancellor's Spring Statement after engagement with the Department of Work and Pensions, and eight out of ten recommendations made by The Society in its interdisciplinary REF report were adopted to some extent by Research England for REF2028.
- The Society continued to be active participant in Cross Party Parliamentary groups in Wales, Scotland and Northern Ireland. For example, we participated in Science and the Senedd (Wales), Science and the Parliament (Scotland) and Science and the Assembly (Northern Ireland). We also partnered with The Royal Society of Edinburgh to hold an event in the Scottish Parliament.
- In Ireland, we worked closely with Royal Irish Academy and Irish funding organisations and ran an event in the Irish Parliament focused on the new research bill to ensure physiologists had the opportunity to raise questions.
- Physiology had an influential voice in parliament with regular engagement with MPs and Lords. This gave The Society the opportunity to raise issues related to the value of physiology in addressing national policy challenges through parliamentary questions, committee sessions and Early Day Motions. The Society worked with Parliamentarians across UK and Ireland, such as providing evidence to support the Scottish Parliament Bill on an Older People's Commissioner, briefing Irish MEPs on *in vivo* regulation proposals from the EU Parliament, and working with Senators in the Seanad on the Irish Research Funding Bill.
- The Society worked closely with Government, including the UKHSA's Climate and Health Unit, and public health organisations to implement recommendations from our heat health report in specific areas such as the introduction of minimum workplace temperature guidance.

We will be a forward-looking sustainable Society

- To facilitate The Society in hosting a greater number of scientific meetings spanning various aspects of physiology, thus allowing members to convene their communities more frequently, we have diligently worked towards achieving a break-even point for the 2023 Scientific Conferences program, enabling us to fulfil this goal.
- *The Journal of Physiology* (JP) matched 2020 levels of submissions and acceptances, reversing the decline that we have seen from 2019. With a strong special issue pipeline in place, the Editor-in-Chief (EIC) committed to continuing that work, and through active commissioning we are optimistic we can grow on this reversal in 2024.
- *Experimental Physiology* (EP) saw acceptance rates rise slightly with the EIC's commitment to spend more time working with authors to "bring them over the line" as a preference to reject, meaning we published a similar amount of content as we did in 2022. There is now a special issue pipeline in place for EP to help it grow in 2024.
- The cascade system was modified to allow the transfer of peer review reports and Editors comments along with a manuscript, supporting faster turnaround times for authors if they accept the referral and transfer to a new journal. JP has increased its referral rate to EP from 3% in 2022, to an average of 37% across 2023. We have also been working on decision letters to improve signposting around Wiley Transformative Agreements, and more positive wording to encourage authors to accept the referral decision.
- The Society's Sustainability Policy continues to define our commitment towards ethical and environmentally friendly practices within our organisation. The Society also has a Responsible Investment Policy in place.
- Each year we proudly recognise excellence in the physiological sciences when we award prizes and awards. In 2023 we improved our nominations process to ensure that we have clear metrics to evaluate success against.
- We worked hard to ensure better representation of diverse voices across different platforms, blogs, podcasts, informal communications, events, and conferences. This was evidenced during Physiology Week when hundreds of people from across the world took part in this event. Over 200 people submitted to our online 'faces of physiology' campaign.



- We have optimised the application process for JP's Editorial Board Fellowship scheme to support a broad slate of diverse applicants and equity of opportunity to participate in this prestigious scheme, which offers Early Career Researchers the opportunity to be mentored by one of the journals' Senior Editors.
- We have improved collation of EDI data across our journal platforms to better monitor the diversity of our author and reviewer base to better support improvement in equity of opportunity in the future.
- As a result of optimising the space occupied by The Society at Hodgkin Huxley House, in 2023 we increased the amount space available to tenants. This allow us to create a new self-contained ground floor office space, which was let to a new tenant – maximising our rental income.

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. The General Trustees shall always include in their number one-person resident in the Republic of Ireland. Its full composition is detailed on page 42 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 Society's 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.

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. 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 on the governance pages of The Society's website. The Board makeup can be found here: https://www.physoc.org/about-us/board-of-trustees/

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. This includes setting balanced budgets and managing property, 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 1 December 2023 The Society hosted its Member Forum which members could either attend in person at the Royal Society in London or online. This event provided members with an opportunity to hear about our recent activities and exciting plans for the future as we look to raise the visibility of physiology in an inclusive and sustainable manner. To retain transparency and enable open discussion between the Board and the membership there was opportunity for members (both online and in person) to ask questions.

Those attending in person were able to speak with a number of early career members who presented their posters as part of the Rob Clarke Awards. There was also an 'in conversation' discussion where former President, Professor David Paterson (University of Oxford, UK), talked with the three Editors-in-Chiefs of The Society's journals: Professor Kim Barrett (UC Davis, USA) for *The Journal of Physiology*, Damian Bailey (University of South Wales, UK) for *Experimental Physiology* and Jo Adams (University of Bristol, UK) for *Physiological Reports*.

In addition the awards ceremony recognised new Honorary Fellows, Fellows and Rob Clarke Award winners. The slides and recording from The Physiological Society 2023 Member Forum and President's Lecture can be accessed via our website.

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.

Risk scoring is calculated as Likelihood x Impact + Impact, and all risk is categorised as one of the following risk types: Governance, Regulatory, Financial, Environmental and External, and Law and Regulation Compliance.

In 2023 the highest risk to The Society remained its dependency on a single source of income (publishing income), and the associated expiry of The Society's publishing contract in 2026, together with changes to

the publishing landscape, such as Open access. To address this risk Trustees have put the following controls in place:

Reserves Policy – The Continuity Fund ensures sufficient time to transition to alternative operating models, in an orderly fashion, should publishing income collapse. The Continuity Fund was established to represents 30 months operating costs excluding publishing, grants expenditure and one-off costs.

5-Year Business Plan – The Board has a five-year business plan under review.

Publishing Committee Terms of Reference – The Terms of Reference for the Publishing Committee was strengthened to ensure more oversight of publishing strategy and potential for agile decisions to be made in response to changing market conditions.

Strengthened Publications Committee – New committee members were successfully recruited to bring publishing experience to the committee including two new external experts to help with strategy and decision making who represent a good blend of commercial and scientific society expertise.

Budget Sustainability –In 2023 Trustees agreed to pursue a zero-based operating budget prior to investment gains and losses and strategic projects. The 2023 budget identified savings in grants, publishing for 2023 and conferences for 2024.

Another ongoing key risk in 2023 was declining or static member numbers. To mitigate against this there was an introduction of a new membership strategy with associated KPIs which saw this trend reversed for UK and Ireland Full and Fellow members.

Sustainability

In 2023 The Society continued its commitment to following its Sustainability Policy Statement. This defines our commitment towards ethical and environmentally friendly practices within our organisation and our commitment to building a sustainable organisation. This can be measured in economic terms, i.e. reducing expenditure and saving money, but it also accepts its responsibility towards environmental and social impact.

The Guiding Principles of the policy are set out below:

- To comply with, and exceed where practicable, all applicable legislation, regulations, and codes of practice.
- To integrate sustainability considerations into all our business decisions.
- To ensure that all staff, Trustees and Volunteers are fully aware of our Sustainability Policy and are committed to implementing and improving it.
- To minimise the impact of all office and transportation activities on the environment.
- To make suppliers aware of our Sustainability Policy and encourage them to adopt sound sustainable management practices.
- To review, annually report, and continually strive to improve our sustainability performance.

With focus on the following primary areas:

- Governance
- Conferences and events
- Travel and transport
- Technology and the office, including energy
- Finance

- Social responsibility

The Sustainability Policy can be accessed here.

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 3rd day of July 2024 on their behalf by:





David Attwell

President

Andrew Parker

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 (the 'charitable company') for the year ended 31 December 2023 which comprise the statement of financial activities, the balance sheet, 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 2023 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 and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report and financial statements. 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. 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, UK

Buzzacott LLP

16 July 2024

3 Statement of financial activities

For the year ended 31 December 2023

	Note	Unrestricted funds £'000	Restricted funds £'000	2023 Total £'000	2022 Total £'000
Income from:					
Donations		3	-	**3**	11
Charitable activities	7.1	3,844	-	**3,844**	3,800
Investments	7.2	483	-	**483**	342
Total		4,330	-	**4,330**	4,153
Expenditure on:					
Raising funds:					
Investment management costs		48	-	**48**	53
Charitable activities:					
Publications		1,521	-	**1,521**	1,573
Events		663	1	**664**	592
Engagement		1,537	8	**1,545**	1,676
Other		120	-	**120**	123
Total	7.3	3,889	9	**3,898**	4,017
Net income before gains on investments		**441**	**(9)**	**432**	136
Net gains/(losses) on investments		247	-	**247**	(1,824)
(Losses) on revaluation of investment property		(300)	-	(300)	(340)
Net movement in funds		**388**	**(9)**	**379**	(2,028)
Reconciliation of funds					
Fund balances as at 1 January 2023		15,677	85	15,762	17,790
Fund balances as at 31 December 2023		**16,065**	**76**	**16,141**	15,762

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 28 to 30 and the notes on pages 31 to 42 form part of these accounts.

4 Balance sheet (Company Number: 00323575)

As at 31 December 2023

	Note	Unrestricted funds £'000	Restricted funds £'000	2023 Total £'000	2022 Total £'000
Fixed assets					
Tangible assets	7.8	1,435	-	**1,435**	1,746
Investment Property	7.9	2,523	-	**2,523**	2,560
Investments	7.10	10,426	-	**10,426**	9,980
		14,384	-	**14,384**	**14,286**
Current assets					
Debtors	7.11	3,336	-	**3,336**	3,233
Cash & cash equivalents	7.16	1,616	76	**1,692**	1,512
		4,952	76	**5,028**	**4,745**
Liabilities					
Creditors falling due within one year	7.12	(3,271)	-	**(3,271)**	(3,269)
Net current assets		1,681	76	**1,757**	**1,476**
Net assets		**16,065**	**76**	**16,141**	**15,762**
Unrestricted funds - General	7.14	4,434	-	**4,434**	3,781
Designated funds	7.14	11,631	-	**11,631**	11,896
Restricted funds	7.14	-	76	**76**	85
Total funds		**16,065**	**76**	**16,141**	**15,762**

The accounting policies on page 28 to 30 and the notes on pages 31 to 42 form part of these accounts.

This report was approved and authorised for issue by the Trustees of The Physiological Society and signed on this 3rd day of July 2024 on their behalf by:

David Attwell

David Attwell

President

Andrew Parker

A J. Parker

Honorary Treasurer

5 Statement of cash flows

For the year ended 31 December 2023

	Note	2023 Total £'000	2022 Total £'000
Cash flows from operating activities:	7.15	**(85)**	**(3,791)**
Cash flows from investing activities:			
Dividends and interest		483	342
Purchase of investments		(2,279)	(1,772)
Purchase of tangible fixed assets		(19)	(19)
Movement in cash awaiting investment		136	(137)
Proceeds from sale of investments		1,944	1,725
Net cash provided by investing activities		**265**	**139**
Change in cash and cash equivalents in the year		**180**	**(3,652)**
Cash and cash equivalents at the beginning of the year		1,512	5,164
Cash and cash equivalents at the end of the year		**1,692**	1,512

	1/01/2023 £'000	Cashflows £'000	31/12/2023 £'000
Analysis of Net Debt			
Cash at Bank	1,512	180	1,692
Cash held by investment manager	228	(136)	92
Total	**1,740**	44	1,784

6 Accounting policies

For the year ended 31 December 2023

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. 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 (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.

7 Notes to the financial statements

For the year ended 31 December 2023

7.1 Income from charitable activities

	Unrestricted	Restricted	2023 Total £'000	2022 Total £'000
Publications	3,580	-	**3,580**	3,640
Events	137	-	**137**	44
Membership subscriptions	127	-	**127**	116
	3,844	**-**	**3,844**	3,800

Prior year income from charitable activities

	Unrestricted	Restricted	2022 Total £'000
Publications	3,640	-	3,640
Events	44	-	44
Membership subscriptions	116	-	116
	3,800	**-**	3,800

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.

7.2 Income from investments

	2023 Total £'000	2022 Total £'000
Dividend income	**249**	237
Investment property rental	**191**	100
Bank deposit interest	**43**	5
	483	**342**

Notes to the financial statements (cont.)

For the year ended 31 December 2023

7.3 Analysis of expenditure

	Grants costs £'000	Other direct costs £'000	Support & governance costs £'000	2023 Total £'000	2022 Total £'000
Raising funds:					
Investment management costs	-	48	-	**48**	53
Charitable activities:					
Publications	-	1,268	253	**1,521**	1,573
Events	-	490	174	**664**	592
Engagement	60	1,017	468	**1,545**	1,676
Other	-	65	55	**120**	123
TOTAL	**60**	**2,888**	**950**	**3,898**	4,017

Prior year Analysis of expenditure

	Grants costs £'000	Other direct costs £'000	Support & governance costs £'000	2022 Total £'000
Raising funds:				
Investment management costs	-	53	-	53
Charitable activities:				
Publications	-	1,310	263	1,573
Events	-	434	158	592
Engagement	220	942	514	1,676
Other	-	63	60	123
TOTAL	220	2,802	995	4,017

Charitable expenditure was £3,851,000 (2022: £3,964,000) of which £3,842,000 was unrestricted (2022: £3,960,000) and £9,000 was restricted (2022: £4,000).

Notes to the financial statements (cont.)

For the year ended 31 December 2023

7.4 Analysis of support and governance costs

The Society initially identifies the costs of its support functions. It then identifies those costs that relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the primary activities undertaken (see Note 7.3) in the year. The Trustees have decided to meet all 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	2023 Total £'000	2022 Total £'000	Basis of apportionment
Staff costs	104	195	**299**	264	Allocated on time
Employee-related costs	63	11	**74**	73	Allocated on time
Premises – office	159	27	**186**	199	Allocated on time
Technology	85	14	**99**	116	Allocated on time
Insurance	24	4	**28**	27	Allocated on time
Irrecoverable VAT	13	2	**15**	12	Allocated on time
Financial costs	8	2	**10**	7	Allocated on time
Depreciation	56	10	**66**	85	Allocated on time
AGM, Council and committee expenses	-	39	**39**	79	Governance
Auditors remuneration	-	12	**12**	11	Governance
Legal and professional	104	18	**122**	122	Allocated on time
TOTAL	**616**	**334**	**950**	995	

Prior year analysis of support and governance costs

	General support £'000	Governance function £'000	2022 Total £'000
Staff costs	94	170	264
Employee-related costs	63	10	73
Premises – office	171	28	199
Technology	100	16	116
Insurance	23	4	27
Irrecoverable VAT	10	2	12
Financial costs	6	1	7
Depreciation	73	12	85
AGM, Council and committee expenses	68	11	79
Auditors remuneration	9	2	11
Legal and professional	105	17	122
TOTAL	722	273	995

Notes to the financial statements (cont.)

For the year ended 31 December 2023

7.5 Analysis of grants

	2023 Number	2022 Number	2023 Total £'000	2022 Total £'000
Travel grants	106	113	**33**	37
Research grants	-	2	**-**	74
Public engagement grants	-	1	**-**	38
Departmental engagement	38	44	**18**	20
Studentships	-	33	**-**	61
Professional development	15	7	**11**	6
Undergraduate awards	3	8	**1**	3
Grants written back in year	(6)	(11)	**(3)**	(19)
TOTAL	**156**	197	**60**	220

7.6 Staff costs

	2023 Total £'000	2022 Total £'000
Gross wages and salaries	**1,190**	1,084
Social security costs	**129**	123
Pension costs	**117**	107
	1,436	1,314

Included in the above were sums relating to redundancy or termination payments totalling £Nil (2022: £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 £509,536 (2022: £506,701).

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

	2023 Number	2022 Number
CEO	**1.0**	1.0
Scientific programmes	**9.3**	8.0
Operations	**3.7**	2.7
Professional development & engagement	**2.7**	3.3
Policy & communications	**8.3**	8.1
	25.0	23.1

Notes to the financial statements (cont.)

For the year ended 31 December 2023

Emoluments of employees

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

	2023 Number	2022 Number
£60,001 – £70,000	**2**	-
£70,001 – £80,000	**1**	2
£80,001 – £90,000	**1**	-
£130,001 – £140,000	**1**	1
	5	3

The total pension contributions for the above higher paid staff were £42,446 (2022: £33,307).

7.7 Related party transactions

All Trustees are Members of The Physiological Society. The Trustees received no remuneration in respect of their services to The Society but certain host departments received academic support amounting to £13,677 (2022: £40,730) and Trustees (12 in total) incurred expenses totalling £10,617 (2022: 12, £17,332).

Academic support

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

Trustee		2023 £'000	2022 £'000
D. Attwell	University College London	**-**	7
L Green	University of Southampton	**3**	3
F Sengpiel	University of Cardiff	**-**	7
D Paterson	University of Oxford	**-**	14
C Hall	University of Sussex	**7**	7
P McLoughlin	University College Dublin	**4**	3
TOTAL		**14**	41

Travel Grants

No trustees were awarded travel grants in the year (2022: £362)

Notes to the financial statements (cont.)

For the year ended 31 December 2023

7.8 Tangible fixed assets

	Freehold property £'000	Freehold improvements £'000	Fixtures, fittings & equipment £'000	CRM £'000	Total £'000
Cost:					
At 1 January 2023	1,833	467	405	19	**2,724**
Additions	-	-	-	19	**19**
Disposals	-	-	(10)	-	**(10)**
Transfers	(175)	(72)	(128)	-	**(375)**
At 31 December 2023	1,658	395	267	38	**2,358**
Accumulated depreciation					
At 1 January 2023	276	313	389	-	**978**
Charge for the year	35	28	2	-	**65**
Disposals	-	-	(7)		**(7)**
Transfers	57	(50)	(120)	-	**(113)**
At 31 December 2023	368	291	264	-	**923**
Net book value at 31 December 2023	**1,290**	**104**	**3**	**38**	**1,435**
Net book value at 31 December 2022	1,557	154	16	19	1,746

7.9 Investment properties

	2023 Total £'000	2022 Total £'000
Fair value at the start of the year	**2,560**	2,900
Transfer from Tangible Fixed Assets	**263**	-
Revaluation during the year	**(300)**	(340)
Fair value at the end of the year	**2,523**	2,560

The Trustees requested a formal valuation (by Charlie Browne (Daniel Watney LLP)) in March 2024 and as a result the value of the portion of the property held as an investment asset has been reduced by £300,000.

Notes to the financial statements (cont.)

For the year ended 31 December 2023

7.10 Investments

	2023 Total £'000	2022 Total £'000
Analysis of investments at 31 December by category of holding		
Market value of listed investments	**10,334**	9,752
Cash held as part of the portfolio	**92**	228
	10,426	9,980
Analysis of movements in investments		
Market value at 1 January 2023	**9,752**	11,529
Additions	**2,279**	1,772
Opening market value of disposals in the year (proceeds: £1,944k (2022: £1,725k))	**(1,902)**	(1,936)
Net unrealised gains	**205**	(1,613)
Market value at 31 December 2023	**10,334**	9,752
Historic cost at the year end	**11,649**	11,483

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

7.11 Debtors

	2023 Total £'000	2022 Total £'000
Trade debtors	**2,903**	2,980
Other debtors	**306**	87
Prepayments	**127**	141
Accrued income	**-**	25
	3,336	3,233

7.12 Creditors

	2023 Total £'000	2022 Total £'000
Trade creditors	**224**	189
Other taxes and social security costs	**450**	447
Other creditors	**51**	41
Accruals	**141**	71
Deferred income	**2,405**	2,521
	3,271	3,269

Notes to the financial statements (cont.)

For the year ended 31 December 2023

7.13 Deferred income

	2023 Total £'000	2022 Total £'000
At January 2023	**2,521**	2,815
Amount released in the year	**(2,521)**	(2,815)
Amount deferred in the year	**2,405**	2,521
At 31 December 2023	**2,405**	2,521

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

7.14 Movement in funds

	Opening balance £'000	Income £'000	Expenditure £'000	Net gains £'000	Transfers £'000	Closing balance £'000
Unrestricted funds						
General funds	**3,781**	**4,330**	**(3,874)**	**247**	**(50)**	**4,434**
Designated funds						
Bannister Legacy	*8*	-	(1)	-	**-**	7
HHH Property Fund	*4,287*	-	-	(300)	**-**	3,987
HHH Maintenance Fund	*501*	-	(14)	-	**50**	537
Continuity Fund	*7,100*	-	-	-	**-**	7,100
Total designated funds	**11,896**	**-**	**(15)**	**(300)**	**50**	**11,631**
Total unrestricted funds	**15,677**	**4,330**	**(3,889)**	**(53)**	**-**	**16,065**
Restricted funds						
Bayliss and Starling Society fund	**41**	-	**(1)**	-	**-**	40
Paton prize bursary fund	**17**	-	**(1)**	-	**-**	16
Inclusion and Diversity fund	**9**	-	**(3)**	-	**-**	6
Unlocking Futures Fund	**5**	-	**(4)**	-	**-**	1
Sharpey Schafer Fund	**13**	-	**-**	-	**-**	13
Total restricted funds	**85**	-	**(9)**	-	**-**	**76**
Total funds	**15,762**	**4,330**	**(3,898)**	**(53)**	**-**	**16,141**

Notes to the financial statements (cont.)

For the year ended 31 December 2023

	2023 Total £'000	2022 Total £'000
Unrealised (losses)/gains included above:		
On listed investments	**(1,223)**	(1,503)
On investment property	**354**	654
Total unrealised (losses)/gains at 31 December 2023:	**(869)**	(849)
Reconciliation of movements in unrealised gains		
Unrealised gains at January 2023	**(849)**	1,154
Difference between historical cost and realised gains/losses on listed investments and the actual realised gains/losses on the revalued amounts	**75**	(50)
Unrealised Gains (losses) on listed investments arising in the year	**205**	(1,613)
Revaluation of investment property in the year	**(300)**	(340)
Unrealised (losses)/gains at 31 December 2023	**(869)**	(849)

Prior Year Movement in funds

	Opening balance £'000	Income £'000	Expenditure £'000	Net gains £'000	Transfers £'000	Closing balance £'000
Unrestricted funds						
General funds	2,970	4,148	(3,836)	(1,824)	2,323	3,781
Designated funds	14,736	-	(177)	(340)	(2,323)	11,896
Bannister Legacy	10	-	(2)	-	-	*8*
HHH Property Fund	4,681	-	(54)	(340)	-	*4,287*
HHH Maintenance Fund	500	-	(49)	-	50	*501*
Continuity Fund	7,100	-	-	-	-	*7,100*
Strategic Investment Fund	1,075	-	(72)	-	(1,003)	-
COVID fund	1,370	-	-	-	*(1,370)*	-
Total unrestricted funds	17,706	4,148	(4,013)	(2,164)	-	15,677
Restricted funds						
Bayliss and Starling Society fund	41	-	-	-	-	41
Paton prize bursary fund	18	-	(1)	-	-	17
Inclusion and Diversity	9	-	-	-	-	9
Unlocking Futures Fund	-	5	-	-	-	5
Other restricted funds:	16	-	(3)	-	-	13
Total restricted funds	84	5	(4)	-	-	85
Total funds	17,790	4,153	(4,017)	(2,164)	-	15,762

Notes to the financial statements (cont.)

For the year ended 31 December 2023

Designated funds

The Society has designated a HHH Property Fund (£3,987,000) 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, £0.537m 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 83% 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 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.

During the prior year a decision was taken to return the Strategic Investment Fund and the COVID-19 funds to General unrestricted funds.

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.

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.

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 2023 is £6,000.

In 2022 the Unlocking Futures Fund was created in memory of Professor Hisako Ikeda-Wolstencroft, a valued member of The Society and a world leader in the field of vision research. In her memory, Professor Ikeda-Wolstencroft's family made the founding donation to The Society's new Unlocking Futures Fund of £5k with the aim of unlocking the potential of a future leader of physiology.

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. The Otto Hutter Physiology Teaching Prize and the Mike Rennie Physiology Communication Prize were fully utilised in the prior year.

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

Notes to the financial statements (cont.)

For the year ended 31 December 2023

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

	2023 Total £'000	2022 Total £'000
Net movement in funds	**378**	(2,208)
Gains/losses on investments	**(247)**	1,824
Losses on Investment Property Revaluation	**300**	340
Depreciation charges	**65**	84
Profit on disposal of fixed assets	**3**	-
(Decrease) in debtors	**(103)**	(3,085)
Increase/(decrease) in creditors	**2**	(584)
Dividends and interest	**(483)**	(342)
Net cash used in operating activities	**(85)**	(3,791)

7.16 Analysis of cash and cash equivalents

	2023 Total £'000	2022 Total £'000
Cash in hand	1,692	1,512
	1,691	1,512

Notes to the financial statements (cont.)

For the year ended 31 December 2023

7.17 Comparative SoFA per FRS 102

	Unrestricted funds £'000	Restricted funds £'000	2022 Total £'000
Income from:			
Donations	6	5	**11**
Charitable activities	3,800	-	**3,800**
Investments	342	-	**342**
Other trading activities	-	-	**-**
Total	**4,148**	**5**	**4,153**
Expenditure on:			
Raising funds:			
Investment management costs	53	-	**53**
Charitable activities:			
Publications	1,573	-	**1,573**
Events	591	1	**592**
Engagement	1,673	3	**1,676**
Other	123	-	**123**
Total	**4,013**	**4**	**4,017**
Net (expenditure)/income before gains on investments	**135**	**1**	**136**
Net (losses) on investments	(1,824)	-	**(1,824)**
(Losses) on revaluation of investment property	(340)	-	**(340)**
Net movement in funds	**(2,029)**	**1**	**(2,028)**
Reconciliation of funds			
Fund balances as at 1 January 2022	17,706	84	17,790
Fund balances as at 31 December 2022	**15,677**	**85**	**15,762**

8 Standing information

Registered Office
Hodgkin Huxley House, 30 Farringdon Lane, London, EC1R 3AW, UK

Trustees
David Attwell
Daniel Brayson
John Cripps (stepped down December 2023)
Heidi de Wet
Annette Dolphin
Lucy Green
Catherine Hall
Áine Kelly
Nephtali Marina Gonzalez
Richard Marshall (from December 2023)
Paul McLoughlin
Hugh Montgomery
Andrew Parker
Mike Tipton

Key management personnel
Dariel Burdass, Chief Executive
Sarah Bundock, Head of Events and Marketing
Andrew Mackenzie, Associate Director of Strategy and External Relations
Liam McKay, Associate Director of Operations
Lucinda Periac-Arnold, Head of Publishing

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

Solicitors
BDB Pitmans LLP, 50 Broadway, Westminster, London, SW1H 0BL, UK
Russell-Cooke LLP, 8 Bedford Row, London, WC1R 4BX, UK

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

Investment fund managers
Rathbone Greenbank Investments, 8 Finsbury Circus, London, EC2M 7AZ, UK

Independent Investment Consultants
Broadstone Financial Solutions Ltd., 100 Wood Street, London, EC2V 7AN, UK

Company number 00323575

020 7269 5710
www.physoc.org



The Physiological Society

THE PHYSIOLOGICAL SOCIETY

England & Wales - Charity number 211585

Accounts

Trustees' Annual Report and Accounts

for year ended 31 December 2022

Company number: 00323575
Registered charity: 211585

www.physoc.org

Annual Report and Accounts
Company No. 00323575

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1 Introduction from President and Chief Executive

Enhancing the visibility of physiology in an inclusive and sustainable manner

As a Society we face unprecedented challenges that will affect global health. These include the impact of climate change, an ageing population with anticipated increases in dementia, preparation of a response to future pandemics, as well as a rise in non-communicable diseases such as diabetes and cancer.

As a discovery science, Physiology is at the heart of tackling global challenges, and the work physiologists undertake in understanding physiological processes at the molecular, cellular, tissue and systems level of organisation has never been more important. It is for that reason that The Physiological Society has spent 2022 developing a new strategy to run from 2023. It is an ambitious strategy that builds on our successes, addresses challenges, and sets us on a course to grow stronger in the future by setting out our vision of a world in which physiological discovery leads to healthier lives.

This new strategy, launched at the Member Forum in 2022, is focused on five overarching objectives, and is underpinned by The Society's Equity, Diversity and Inclusion Roadmap (page 23), and Sustainability Policy (page 24).

As an organisation we will continue to focus on supporting physiology while providing a sense of community for members and being a strong voice for the discipline through our publications, policy work, and conferences programme. However, the pace of change in the world around us is now greater than ever and demands a step change in how we operate. With Open Access publication leading to a period of uncertainty and changes to our funding model, we have ensured that we remain financially sustainable and resilient by reviewing expenditure across the organisation while exploring new opportunities to diversify our income.

At The Society we want to be the catalyst which enables physiologists to develop new connections and networking opportunities. For example, during 2022, we continued to focus on building and strengthening our community through our Blue Plaque scheme and related Member Roadshows. The plaques honour outstanding physiologists who have contributed to the advancement of the physiology through their discoveries while leaving a legacy beyond their lifetime. These give the wider public an insight into the positive role that "the science of life" plays in their everyday lives. Meanwhile the accompanying roadshows have helped us re-engage with our members in their institutions across the UK and Republic of Ireland, and brought together our community to raise the visibility of the discipline. In 2023 we look forward to unveiling a new scheme which recognises Excellence in Physiology which will be measured by the wider impact that institutions have made in raising the profile of physiology.

Our policy work has continued through 2022 to focus on making the case to decision-makers and funders of the importance of physiology in tackling societal problems such as healthy ageing and climate change. Through an ongoing series of reports and projects we have raised the visibility of the discipline among policymakers, government, and funding organisations. This includes our recent report "Contribution of Physiology Education and Training to the UK Economy")—launched at an event in Parliament where one hundred physiologists met MPs and civil servants — which found that physiology teaching delivers £22.6 billion to the UK economy every year. We have also worked with the Wellcome Trust and the Lancet Countdown for Health on a "Climate Change and Health Summit", supporting Wellcome in the delivery of their new grant schemes in this area. Our most recent report focused on healthy ageing and the workplace was launched in Parliament at the start of November.

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. 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. In 2022 we were excited to announce that from January 2023 *Experimental Physiology* will be fully Open Access in support of our commitment to open science. This is the most significant change to its publishing model in its history and represents a fantastic opportunity for research in *Experimental Physiology* to reach as wide an audience as possible, increasing both its readership and its citations. Our journals are recognised as world-leading with international reach, and our new strategy will improve the connections between them and our membership. When looking to submit your next manuscript for publication we ask that you support your scientific society by considering our journals which provide a dedicated home for physiology research. We also appreciate your help in reading and citing relevant papers from our journals.

In 2022, we continued to deliver a first-rate portfolio of scientific events and conferences. In April we welcomed physiologists from across the world to our first in-person scientific conference since the start of the COVID-19 pandemic. The *Biomedical Basis of the Elite Performance* in Nottingham, UK was a vibrant display of the best aspects of our conferences – discussing fantastic science while catching up with colleagues old and new. In September we co-hosted *Europhysiology 2022*, a continuation of a successful series that started with *Europhysiology 2018* in London. Held in Copenhagen, it was a joint meeting with The Deutsche Physiologische Gesellschaft, the Scandinavian Physiological Society and the Federation of European Physiological Societies which brought together more than 1200 physiologists to showcase physiology and enabled collaborations to be forged with our colleagues working in Europe. Our 2023 conferences programme is looking set to be our best ever. We have seven meetings across the country, including our Annual Conference in beautiful Harrogate.

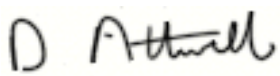
In December we were delighted to welcome 150 physiologists, research leaders, funders and policy makers to our Member Forum and President's Lecture. Sir Patrick Vallance delivered the 2022 President's Lecture and was awarded the President's medal. We also celebrated our Rob Clarke Awards, 2022 Fellow Members and 2022 Honorary Fellows.

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 2022 Honorary Fellows were:

- Professor Kim E. Barrett, PhD, University of California, Davis, Davis, California, U.S.
- Professor David Julius, PhD, University of San Francisco, San Francisco, California, U.S.
- Professor Gary Richard Lewin, PhD, Max-Delbrück Center for Molecular Medicine, Berlin, Germany
- Professor Diane Lipscombe, PhD, Brown University, Providence, Rhode Island, U.S.
- Professor Ardem Patapoutian, PhD, Scripps Research, La Jolla, California, U.S.
- Professor Irene Tracey, CBE FMedSci, University of Oxford, Oxford, UK

As we look forward to 2023, we will focus on delivering the new strategy, which is centred around strengthening the physiology community, securing the future of the discipline, and using physiological evidence to improve public health.

We thank you for your continued support.





David Attwell
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 2022.

This is the Trustees' Annual Report and Accounts for the year ended 31 December 2022 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 (Charities SORP – FRS 102).

The Society was incorporated by guarantee on 27 January 1937 under number 00323575. 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 (UK GAAP – 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.

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 - £3,640,000 (2021: 3,629,000), events - £44,000 (2021: £26,000) and investments and investment property - £342,000 (2021: £326,000).

Overview of the year

Charitable expenditure of £3,964,000 (2021: £3,769,000) was incurred during the year and has supported our charitable objects as set out in the statement of financial activities on page 29 of this report.

Publishing income (88% of total income) increased slightly by £11,000 (0.3%) as a result of favourable exchange rates.

Events income in 2022 increased by £18,000, from £26,000 in 2022 as a number of events postponed from 2020 and 2021 took place. In addition the Society supported the Europhysiology 2022 conference held in Copenhagen in September 2022.

Investment fund income, which is all reinvested, increased by £98,000 (70%) in the first full year of the new investment managers. Rental income associated with the rental of space in Hodgkin Huxley House fell by £86,000 (46%) to £100,000 compared to £186,000 in 2021. To help safeguard the property asset, £500,000 has been designated to reflect the ten-year building maintenance programme.

While 2021, continued to be defined by our response to the pandemic with the first half of 2021 dominated by online conferences including our main meeting Physiology 2021, 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. During 2022 we were once again able to a full programme of in person events.

Overall, this has led to an operating surplus of £136,000 compared to £330,000 in the prior year. The surplus has arisen because of carefully controlling the costs and also costs saving that were found through a detailed process of review and critical analysis of costs by the Senior Management Team in order to identify savings.

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. 2022 therefore represents the first full year of the new investment managers.

Following the net gain of £968,000 from the investment portfolio in 2021, the current turbulent year ended up returning a £1,824,000 loss representing a 15.7% Reservesnegative return. As a result of this gain the total value of listed investments and cash held within the portfolio decreased from £11,620,000 to £9,980,000.

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 2022, the managed portfolio returned a loss of 15.7 % while the inflation target (CPI + 4.0%) amounted to 15.0%. The composite benchmark returned a loss of 8.4% 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 and the accompanying Responsible Investment Policy.

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 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 Society has further designated a HHH Property Fund (£4,341,000) 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.

During the current year the Society transferred the remaining funds on both the Strategic Investment Fund and the COVID-19 fund to General Free Reserves. This decision reflects both the impact of the drop in the listed investment portfolio and also the risk associated with the changing publishing landscape and a desire to ensure sufficient reserves are held to allow The Society to make day to day decisions in a period of turbulent income.

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 2022 free reserves held totalled £3.7m, 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 and Public Benefit

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 referred 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
  - 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.

In 2022, the day-to-day operations of publishing the journals continued to run well, despite a reduction in staff headcount, and an extended period running below headcount whilst recruitment for a Head of Publishing and an Editorial Assistant were carried out. The team did an excellent job of keeping the journals running well and ensuring a smooth flip to Open Access (OA) for *Experimental Physiology* (EP) in the run up to 2023.

Submissions of original research to *The Journal of Physiology* (JP) were 6% below prior year, consistent with a downward trend of submissions since 2019. EP submissions have continued to fall, reaching 25% below the level of prior year. The cause of the drop in submissions is unknown but can likely be, at least partially, attributed to the post pandemic effect reported last year. If the correlation between pandemic restrictions and submissions holds true, we should start to see a recovery of submissions to JP in 2023, however due to the change in publication model for EP from January 2023, there is likely to be a further fall in submissions before recovery. Strategic mitigation plans are in place for both journals with increased planned special issues ensuring a robust pipeline of high-quality invited content, as well as open Call for Papers for each special issue.

Physiological Reports (PR) saw a slight downturn in submissions in 2022, with a reduction in total submissions of 7%. Of those submissions 42% were direct, and 58% were transfers from The Society's journals and the APS's other journals.

In 2023 we look forward to working closely with the Editors in Chief (EiCs) to continue to develop a pipeline of invited content, of continuing to enhance the journal brands, and aligning publishing activity more closely with other society activities to enhance engagement with the journals in the broader community of physiology researchers.

#	Objective	Activity	Performance/impact
1	**Building the community**	▪ We have extended representation of JP through the appointment of Regional Editors in strategically important parts of the world	▪ One of two Regional Editor positions has been filled to date, with an excellent candidate based in Japan appointed to the role. Through their appointment JP has secured a branded symposia at the Physiological Society of Japan's annual conference, helping to promote the journal brand to a South-East Asian audience.
		▪ Appoint two new Senior Editors (SE) for JP in strategically important areas of research for the journal.	▪ The EiC has appointed two new SE's, one representing Omics and another Computational Modelling, both with the aim to increase content in those areas. Additionally, both of those appointments were women improving the diversity balance of the JP Board.
		▪ The new EiC for EP has appointed an SE from the Scandinavian region to support growth in a high-volume, high-quality region for research in Physiology.	▪ Through the appointment of the new Scandinavian based SE, EP has secured sponsorship of a prominent Early Career Researcher (ECR) award at a Danish conference. Furthermore, this appointment improves clinical representation on the EP Board, a strong

			area of potential growth for the journal.
1	**Building the community Continued**	▪ The JP Editorial Board Fellowship (EBF) scheme continues to engage ECRs through the appointment of early-career stage physiologists to the Board of JP under the mentorship of an SE, and the scheme continues to attract a high volume of excellent applications.	▪ In 2022 we had 32 applications for the EBF, and eight new members were appointed. Of the last cohort, four have recently been approved for "promotion" to permanent Review Editors (RE), continuing to enhance the diversity and quality of the Editorial Board. Furthermore, four of the existing planned Special Issues for JP have been organised or co-organised by an EBF, contributing to the strategy to grow submissions to the journal.
2	**Developing the brands**	▪ In 2022 new EiCs were appointed for JP and EP.	▪ For JP, the EiC has proactively commissioned the Board to launch special issues, increasing the pipeline of invited content. ▪ For EP, the EiC has appointed a Senior Editorial Team (SET) to support a higher level of engagement from the EB, support commissioning and expand the reach of the journal.
		▪ A new EiC for PR was recruited, taking up post from January 2023.	▪ The new EiC provides strong leadership for the journal on the ground in the UK and as a female appointment, improves the equity diversity and inclusion (EDI) makeup for our group of EiCs.
		▪ Twitter Cards were refreshed in 2022, highlighting key content in the journals.	▪ Promotes journal brands to our social media audience.

3	**Raising the bar for scientific integrity**	▪ In support of our commitment to open science we announced in 2022 that from January 2023 EP will be fully Open access (OA).	▪ EP can now be read by anybody, anywhere. As well as supporting our commitment to open science this also increases readership for the journal, anticipated to result in an increase in citations to the journal. ▪ There has been a dip in submissions since the flip, however this was anticipated and entirely in line with general trends across the publishing industry for a hybrid-to-OA flipped journal. Mitigation plans are in place through planned special issues and plans to improve signposting for authors to find out if they are covered by a Transformative Agreement (TA) with Wiley, which would remove the need for authors to pay article processing charges.
		▪ The EiC for JP held a meeting with other prominent EiCs in the field to agree a discipline-wide standard for Rigor & Reproducibility (R&R).	▪ This should result in a cohesive approach and standardised benchmark for R&R across flagship physiology journals, providing consistency for authors.
4	**Shaping Physiology**	▪ By holding a one-to-one meeting with every member of the JP Editorial Board, the EiC has increased the number of Special Issues in the pipeline for JP.	▪ 16 special issues have been planned and/or launched in JP. Of those: – six are ready to publish soon; – six are currently open; and – four are planned to launch soon.
		▪ In 2022 we visited several international conferences to promote both journals to a broad community of physiologists.	▪ These conferences offered the opportunity to build relationships within the community, invite

			submissions, and raise awareness of the journals to communities of physiologists.
4	**Shaping Physiology Continued**	▪ Sponsored symposia on behalf of both journals aiming to promote the journal brands and commission content.	▪ In 2022 we sponsored approximately 12 international conferences on behalf of both journals resulting in a robust pipeline of invited content.
5	**Future Plans – 2023 and beyond**	▪ Hold JP Symposium at *Physiology 2023* (P23).	▪ Increase visibility of journal amongst members of The Society (TPS) and align journal activity more closely with conference activity for TPS.
		▪ Hold quarterly meetings with the newly formed EP SET.	▪ Provide a forum for the strategic development of EP and a group to support the EiC in leading the journal.
		▪ Implement new conference and symposium sponsorship strategy.	▪ Reduce expensive and unsustainable stand activity and increase delegate-only attendance at smaller, focused meetings allowing our representative(s) to strategically and directly commission content from speakers. ▪ Ensure robust key performance indicators (KPIs) and content pipeline in return for symposium sponsorship in addition to brand awareness.
		▪ Continuing to look at the outcomes of the Clarke & Esposito consultation report, reviewing The Society's portfolio as a whole, and implementing recommendations.	▪ Ensure that The Society's journals are well positioned to adapt to the changing publishing landscape.
		▪ Improved Communications support for The Society's journals.	▪ Ensure that the Communications team's time is effectively spent in building the journals' brands in support of the strategic goals of

			increasing high quality content for the journals.
		▪ Recruit JP Editor in Chief.	▪ Appoint a well-qualified, motivated and engaged EiC to continue the positive momentum in preparing JP for an open future.

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 2022 programme of conferences, meetings and symposia was populated by events that had been postponed from 2020 and 2021. All were planned as solely in-person events except for *Long COVID: Mechanisms, Risk Factors, and Recovery* which was intentionally held online to reach a clinical audience. The 2022 Main Meeting was replaced with Europhysiology 2022, a continuation of a successful series that started with Europhysiology 2018 in London. Europhysiology 2022 was held in Copenhagen, and was a joint meeting with The Deutsche Physiologische Gesellschaft, the Scandinavian Physiological Society and Federation of European Physiological Societies.

The Society's strategy for 2018–2022 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". A strategic decision was taken in not offering hybrid conferences as default to ascertain demand. There has been relatively little call for hybrid or online conferences, but we continue to explore the role that these could have in The Society's conference and meeting portfolio.

#	Objective	Activity	Performance/impact
1	**Be innovative in our approach to meetings**	▪ *Processing and Modulation of Sensory Signals: From the Periphery to the Cortex* was scheduled in London from 20 – 21 June 2022. This meeting was twice postponed from 2020 and 2021. ▪ This meeting was offered online at short notice due to rail and tube strike action which would have affected speakers and those attending. ▪ As we had previous experience in hosting meetings online, we were able to do this within five days. ▪ Due to the excellent working relationship we had with the team at the Royal College of Physicians, we also negotiated a small refund.	▪ 98% of people that had registered to attend in person attended the online meeting. ▪ 92% of people that completed the feedback survey rated the meeting as good or excellent. ▪ Feedback from *Processing and Modulation of Sensory Signals: From the Periphery to the Cortex* – 'This was an excellent conference, with very high standard of talks. I hope we have more meetings from The Physiological Society in this general area in the future. It was very impressive how the organisers managed to pivot to a

			professionally run online meeting at short notice.'
2	**Play a leadership role in developing strategic partnerships that advance the knowledge and understanding of physiology**	▪ To build on the success of the 2020 online conference, *COVID-19: Lessons Learned from the Frontline*, The Society ran an online conference, *Long COVID: Mechanisms, Risk Factors, and Recovery*. ▪ Bringing together physiologists and clinicians helps them to better understand Long COVID's underlying mechanisms and identify potential therapies. ▪ 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. ▪ The conference was attended by 308 people over two days.	▪ 95% of people that completed the feedback survey rated the meeting as good or excellent. ▪ 100% of people that completed the feedback survey would recommend the meeting to a colleague or peer. ▪ Feedback from *Long COVID: Mechanisms, Risk Factors, and Recovery* – 'The conference covered the important topics and created a good space for discussion the clinical findings and latest research on Long Covid' – 'I enjoyed hearing the latest research, debate and ideas around Post-Covid; as a therapist it has broadened my awareness and led me to examine the evidence base further.' ▪ The speakers and organisers co-authored a review article for *Experimental Physiology* entitled Long COVID: Mechanisms, Risk Factors, and Recovery which was published on 22 November 2022.
3	**Coordinate with The Society's other activities**	▪ The Events team worked across all teams on the 2022 Member Forum and President's Lecture, which was a hybrid event.	▪ These events brought together membership, professional development and engagement, communications and governance.

4	**Ensure evaluation is embedded into our programmes**	▪ Collecting data, both quantitative and qualitative, is critical in evaluating and assessing the new style of conferences and meetings offered in The Society's portfolio of events.	▪ This is a work in progress for 2023 as we implement the new style of meetings to ensure we develop a framework to identify success and embed evaluation.
5	**Introduce more audience participation**	▪ In the return to in-person events, our detailed risk assessments prevented or minimised audience participation, particularly questions, during sessions to minimise the spread of COVID-19. ▪ However, flash talks were used during the *Lungs: More than an Organ of Gas Exchange*. These enabled short poster pitches and allowed presenters the opportunity to connect with interested attendees during breaks.	▪ Feedback from *Lungs More than an Organ of Gas Exchange* – 'I really liked the variety of the presentation format used throughout the day. It kept the momentum going, and the coffee breaks came at the right time.'
6	**Research opportunities for new styles of meeting**	▪ During 2022, a detailed review of the conferences and meetings that The Society offers was initiated. Some of this work has been realised with developing an initiative where members can apply to host a two-day meeting. ▪ This work will continue in 2023.	▪ In the first call, there were nine proposals submitted which resulted in five meetings being scheduled in 2022. ▪ In the second call, there were eleven proposals submitted.
7	**Agree a sustainable business model for our meetings programme**	▪ The two-day meetings operate in a breakeven budget while enabling communities to come together to present, participate and publish their work in Society journals.	▪ The five meetings scheduled in 2023 all have a breakeven budget with Scientific Programme Organisers applying for external funding and sponsorship to offset any potential deficit.
8	**Online frees events from geographical constraints other than time zones and**	▪ In 2020 and much of 2021 while we couldn't meet face-to-face, there was pride in the ability of The Society to move quickly in offering conferences, meetings online together with webinars, and the Virtual Journal Club. Initially it was expected that demand would continue for online and hybrid events. This has not been the case.	▪ Review and evaluate online offerings from 2020 and 2021 to inform future plans.

	differences in access to technology.	▪ Nevertheless we are reviewing what we were able to offer online, and exploring whether the technology and knowledge we have could add value to future Society activities. ▪ The 2022 Member Forum and President's Lecture was offered as a hybrid event, that is in person and also online.	
9	**Review the roles of the Theme Leads and Conferences Committee to ensure that we are using the right group to decide on programmes and content**	▪ The Theme Leads, Early Career Theme Leads and Conferences Committee have been pivotal in the review of Society conferences and meetings.	▪ Conferences Committee meetings and also meetings with the Theme Leads contributed qualitative feedback to conference and meetings review.

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 strand of the strategy is to increase awareness of physiology to strengthen the pipeline of physiologists across the discipline. We recognise the need to nurture new and existing communities who, through shared experience or situation, would benefit from being connected.

The Communities Committee continues to support the career progression of physiologists through the provision of training and professional development, and the reward and recognition of excellence.

In 2022 The Society ran a programme of activities to increase engagement between members and the broader physiology community. Through our 'Physiology Friday' activities we supported engagement of the public with physiology.

The Policy Committee 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.

In 2022, our series of impactful policy projects supported physiologists in engaging with policymakers to highlight the role of physiology in meeting grand challenges. Our *In Vivo* Taskforce continues to engage with the Home Office and associated groups to ensure a supportive regulatory environment for research.

#	Objective	Activity	Performance/impact
1	**Increasing the level of engagement of our members and the number delivering engagement activities**	▪ The Society supported 20 Society Reps to run engagement activities in their local institution.	▪ Improved engagement with The Society with members in these institutions, and stronger connections made between the physiology community in these areas.
		▪ We ran training sessions to support physiologists in applying for grants, including a 'grant review clinic' and a 'meet the funders' session with key physiology research funding organisations. We also ran sessions to support members to share their grant application experiences with each other.	▪ Our workshops gave attendees a flavour of what reviewers and funding organisations are looking for, as well as information on what to expect during grant application processes.
		▪ We provided support for the teaching community with sessions to provide guidance on progressing to professorship level and how to build a case for promotion.	▪ Several of the teaching-focused members who participated in these sessions have subsequently successfully been promoted to professor, and have cited the contribution of the support to achieving this goal.
		▪ We ran a number of workshops to support and improve practical skills required for physiological research, including: – *Using Ultrasound Technology in Physiology Teaching* – *An Introduction to Molecular Biology* – *The Application of Stable Isotope Tracer Techniques in Human Physiological Research*	▪ These hands-on practical classes improve the quality of physiology research in the UK.
		▪ The Society unveiled eight Blue plaques across the UK and Ireland to honour physiologists who have contributed to the advancement of the discipline and left a legacy	▪ The Society was represented by the President and Chief Executive Officer at each of the universities, and usually accompanied by

		beyond their lifetime. We held nine Member Roadshows.	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 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.**	▪ We ran a Physiology Careers Showcase. This was an afternoon of career talks from physiology graduates working in different roles. Speakers in research, healthcare, and communications roles were present, and answered questions from undergraduate and master's students.	▪ Promoted the opportunities the study of physiology can provide for future careers.
3	**Developing a policy and funding environment favourable to physiology**	▪ Regular engagement activities with key stakeholders related to our strategy to raise the profile of The Society and the issues affecting our members.	▪ The Society's policy team engaged with 700 stakeholders from over 350 organisations in over 200 separate interactions.
		▪ Partnered with the Foundation of Science and Technology on an event with Sir Patrick Vallance focusing on the role and challenges facing human health following COP27.	▪ Raised the profile of the contribution of physiological research to tackling climate change. The Physiological Society became a member of the UK Health Action for Climate Change group.
		▪ An assessment of where the research gaps exist in the area of climate change & health, with the publication of our report *Research Gaps and Policy Priorities* and a global summit meeting with experts in the field and funders such as Wellcome.	▪ The Society helped shape funding calls in the area of climate change & health, and a representative was invited to participate on the Wellcome Trust heat and pregnancy call funding panel.
		▪ Carried our research for our *Contribution of Physiology Education to the UK economy*, in partnership with Academy of Healthcare Sciences, with a launch in Parliament.	▪ Raised the profile of physiology in parliament with over 100 physiologists across the country attending the

3	**Developing a policy and funding environment favourable to physiology** **Continued**		parliamentary launch, attended by over 20 MPs. Speeches from guests including the Shadow Science Minister. ▪ Used this work as the basis of a session we ran at the NET2022 conference (the leading conference for networking in healthcare) targeting healthcare workers as The Society seeks to improve its links with clinical communities.
		▪ Responding to consultations by government and external organisations.	▪ The Society used policy report recommendations and engagement with members to respond to issues such as climate change, STEM skills, ARIA and its prioritisation, health inequalities, Research England's Future Research Assessment Programme (FRAP), the Science and Technology Strategy, the effectiveness of UKRI and the RDI landscape as part of the Nurse Review.
		▪ Devolved administration STEM engagement	▪ Build links with national academies and organise an event with the Royal Society of Edinburgh in the Scottish Parliament in 2023, the first parliamentary event The Society has undertaken in Scotland.
		▪ UKRI/BBSRC animal models survey launch	▪ Continue to foster links with BBSRC and UKRI and seek to inform and influence their position on sex differences in animal trials and its

			impact on researchers' commitments to the NC3Rs.
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**	▪ Ran a roundtable with members and the Royal Irish Academy in Dublin to discuss issues related to research funding policy in Ireland.	▪ Engagement with the Royal Irish Academy and support for our Oireachtas event in 2023. ▪ Building The Society's policy profile in Ireland and engaging with current and potential members to expand our membership offering to Irish members.
		▪ Production and launch of our *Ageing Workforce Strategy* report into the impact of healthy ageing on the labour force, in partnership with think tank Demos and charity Centre for Ageing Better.	▪ Advanced The Society's healthy ageing strand of activity. Built Society networks with political stakeholders – Lord Bethell chaired a subsequent roundtable with engagement from the Department for Work and Pensions on the role of older workers in addressing economic inactivity. ▪ Report referenced as part of discussions in the 2023 UK Budget on economic inactivity.

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 47 of this report.

Trustee induction and training

On appointment new Trustees are provided with an induction pack – recently updated to be more comprehensive – 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.

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.
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 7.6 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 2 December 2022 The Society hosted its Member Forum which members could either attend in person at the Royal Society in London or online. This event provided members with an opportunity to hear about our recent activities and exciting plans for the future as we look to raise the visibility of physiology in an inclusive and sustainable manner. To retain transparency and enable open discussion between the Board and the membership there was opportunity for members (both online or in person) to ask questions. Two exciting additions to this year's Forum included:

- Those attending in person were able to speak with a number of early career members who presented their posters as part of the Rob Clarke Awards.
- There was an 'in conversation' discussion where the demitting President, Professor David Paterson (University of Oxford, UK), talked with the incoming President, Professor David Attwell (University College London, UK), and the incoming President-elect Annette Dolphin (University College London, UK), about their life and work, to discover what had inspired them and about what their discoveries might do to improve human health.

In addition the awards ceremony recognised new Honorary Fellows, Fellows and Rob Clarke Award winners. Highlights from The Physiological Society 2022 Member Forum and President's Lecture can be seen on our 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.

Risk scoring is calculated as Likelihood x Impact + Impact, and all risk is categorised as one of the following risk types: Governance, Regulatory, Financial, Environmental and External, and Law and Regulation Compliance.

In 2022 the highest risk to The Society remained its dependency on a single source of income (publishing income), and the associated expiry of The Society's publishing contract in 2026, together with changes to the publishing landscape, such as Open access. To address this risk Trustees have established a Publishing Strategy Task and Finish Group (PST&FG) to develop a publishing strategy that will best protect The Society's income stream while maintaining the reputation of our journals. Additionally, the Reserves Policy has a Continuity Fund to ensure sufficient time to transition to alternative operating models.

Another key risk identified in 2022 is declining or static member numbers. To mitigate against this and other risks, the 2023-2027 Strategy was agreed in 2022 to encompass the President's Road map of Visibility, Inclusion and Sustainability and set out new priorities and areas of focus, such as membership.

Diversity & Inclusion

In 2022, The Society launched its Equity, Inclusion and Diversity Roadmap as it is committed to the principles of Equity, Diversity, and Inclusion and to creating a community and culture in which they are embedded across all activities.

- The Society values people as individuals with diverse opinions, cultures, lifestyles and circumstances. We welcome all physiologists irrespective of all ages, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.
- The Society will champion diversity, promote inclusivity, and strive for equity until it is fully inclusive and provides opportunities fairly and equally for all; this includes removing barriers to participation and promoting engagement that improves diversity of representation and participation in all our endeavours.

The Roadmap was developed to make sure equity, diversity and inclusion is a priority for our organisation. It is embedded into the overall strategy of our organisation and appropriately resourced so that work and actions can be taken forward. The four-point plan with measurable KPIs addresses the five barriers to inclusion and diversity identified in Thomas International 2021's report on Diversity and Inclusion.

- Lack of self-awareness
- Biased development opportunities
- Lack of role models
- Low cognitive diversity
- Fear of making mistakes

Four-point plan

1. Establish a learning and awareness programme to grow Equity, Diversity, and Inclusion (EDI) competence and, build allyship among staff, Trustees and committee members.
2. Increase the overall participation of groups which are currently underrepresented in leadership at The Physiological Society ensuring our Board, committees and editorial boards are more representative of the communities we serve, taking into account all protected characteristics.
3. Active promotion of diverse voices.
4. Create an inclusive membership charter – incorporating voices.

Sustainability

In December 2022 The Society launched our Sustainability Policy Statement. This defines our commitment towards ethical and environmentally friendly practices within our organisation and our commitment to building a sustainable organisation. This can be measured in economic terms, i.e. reducing expenditure and saving money, but it also accepts its responsibility towards environmental and social impact.

The Guiding Principles of the policy are set out below:

- To comply with, and exceed where practicable, all applicable legislation, regulations, and codes of practice.
- To integrate sustainability considerations into all our business decisions.
- To ensure that all staff, Trustees and Volunteers are fully aware of our Sustainability Policy and are committed to implementing and improving it.
- To minimise the impact of all office and transportation activities on the environment.
- To make suppliers aware of our Sustainability Policy and encourage them to adopt sound sustainable management practices.
- To review, annually report, and continually strive to improve our sustainability performance.

With focus on the following primary areas:

- Governance
- Conferences and events
- Travel and transport
- Technology and the office, including energy

- Finance
- Social responsibility

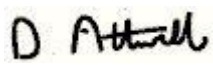
The Sustainability Policy can be accessed here.

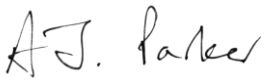
Volunteers

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 23rd day of June 2023 on their behalf by:





David Attwell

President

Andrew Parker

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 2022 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 2022 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. 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.

Buzzacott LLP

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

03 August 2023

3 Statement of financial activities

For the year ended 31 December 2022

	Note	Unrestricted funds £'000	Restricted funds £'000	2022 Total £'000	2021 Total £'000
Income from:					
Donations		6	5	**11**	-
Charitable activities	7.1	3,800	-	**3,800**	3,804
Investments	7.2	342	-	**342**	326
Total		4,148	5	**4,153**	4,130
Expenditure on:					
Raising funds:					
Investment management costs		53	-	**53**	31
Charitable activities:					
Publications		1,573	-	**1,573**	1,426
Events		591	1	**592**	565
Engagement		1,673	3	**1,676**	1,625
Other		123	-	**123**	153
Total	7.3	4,013	4	**4,017**	3,800
Net income before gains on investments		**135**	**1**	**136**	330
Net (losses) / gains on investments		(1,824)	-	**(1,824)**	968
(Losses) on revaluation of investment property		(340)	-	(340)	-
Net movement in funds		**(2,029)**	**1**	**(2,028)**	1,298
Reconciliation of funds					
Fund balances as at 1 January 2022		17,706	84	17,790	16,492
Fund balances as at 31 December 2022		**15,677**	**85**	**15,762**	17,790

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 32 to 34 and the notes on pages 35 to 46 form part of these accounts.

4 Balance sheet (Company Number: 00323575)

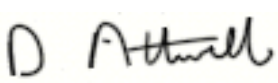
As at 31 December 2022

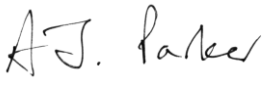
	Note	Unrestricted funds £'000	Restricted funds £'000	2022 Total £'000	2021 Total £'000
Fixed assets					
Tangible assets	7.8	1,746	-	**1,746**	1,811
Investment Property	7.9	2,560	-	**2,560**	2,900
Investments	7.10	9,980	-	**9,980**	11,620
		14,286	-	**14,286**	**16,331**
Current assets					
Debtors	7.11	3,233	-	**3,233**	148
Cash & cash equivalents	7.16	1,427	85	**1,512**	5,164
		4,660	85	**4,745**	**5,312**
Liabilities					
Creditors falling due within one year	7.12	(3,269)	-	**(3,269)**	(3,853)
Net current assets		1,391	85	**1,476**	**1,459**
Net assets		**15,677**	**85**	**15,762**	**17,790**
Unrestricted funds - General	7.14	3,781	-	**3,781**	2,970
Designated funds	7.14	11,896	-	**11,896**	14,736
Restricted funds	7.14	-	85	**85**	84
Total funds		**15,677**	**85**	**15,762**	**17,790**

The accounting policies on page 32 to 34 and the notes on pages 35 to 46 form part of these accounts.

This report was approved and authorised for issue by the Trustees of The Physiological Society and signed on this 23rd day of June 2023 on their behalf by:

David Attwell ***Andrew Parker***





President ***Honorary Treasurer***

5 Statement of cash flows

For the year ended 31 December 2022

	Note	2022 Total £'000	2021 Total £'000
Cash flows from operating activities:	7.15	**(3,791)**	**176**
Cash flows from investing activities:			
Dividends and interest		342	326
Purchase of investments		(1,772)	(12,700)
Purchase of tangible fixed assets		(19)	
Movement in cash awaiting investment		(137)	177
Proceeds from sale of investments		1,725	11,394
Net cash provided by investing activities		**139**	**(803)**
Change in cash and cash equivalents in the year		**(3,652)**	**(627)**
Cash and cash equivalents at the beginning of the year		5,164	5,791
Cash and cash equivalents at the end of the year		**1,512**	5,164

	01/01/2022 £'000	Cashflows £'000	31/12/2022 £'000
Analysis of Net Debt			
Cash at Bank	5,164	(3,652)	1,512
Cash held by investment manager	91	137	228
Total	**5,255**	(3,515)	1,740

6 Accounting policies

For the year ended 31 December 2022

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 (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.

7 Notes to the financial statements

For the year ended 31 December 2022

7.1 Income from charitable activities

	Unrestricted	Restricted	2022 Total £'000	2021 Total £'000
Publications	3,640	-	**3,640**	3,629
Events	44	-	**44**	26
Membership subscriptions	116	-	**116**	149
	3,800	**-**	**3,800**	3,804

Prior year income from charitable activities

	Unrestricted	Restricted	2021 Total £'000
Publications	3,629	-	3,629
Events	26	-	26
Membership subscriptions	149	-	149
	3,804	**-**	3,804

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.

7.2 Income from investments

	2022 Total £'000	2021 Total £'000
Dividend income	**237**	139
Investment property rental	**100**	186
Bank deposit interest	**5**	1
	342	**326**

Notes to the financial statements (cont.)

For the year ended 31 December 2022

7.3 Analysis of expenditure

	Grants costs £'000	Other direct costs £'000	Support & governance costs £'000	2022 Total £'000	2021 Total £'000
Raising funds:					
Investment management costs	-	53	-	**53**	31
Charitable activities:					
Publications	-	1,310	263	**1,573**	1,426
Events	-	434	158	**592**	565
Engagement	220	942	514	**1,676**	1,625
Other		63	60	**123**	153
TOTAL	**220**	**2,802**	**995**	**4,017**	3,800

Prior year Analysis of expenditure

	Grants costs £'000	Other direct costs £'000	Support & governance costs £'000	2021 Total £'000
Raising funds:				
Investment management costs	-	31	-	31
Charitable activities:				
Publications	-	1,166	260	1,426
Events	-	414	151	565
Engagement	208	965	452	1,625
Other	-	83	70	153
TOTAL	208	2,659	933	3,800

Charitable expenditure was £3,964,000 (2021: £3,769,000) of which £3,960,000 was unrestricted (2021: £3,756,000) and £4,000 was restricted (2021: £13,000).

Notes to the financial statements (cont.)

For the year ended 31 December 2022

7.4 Analysis of support and governance costs

The Society initially identifies the costs of its support functions. It then identifies those costs that relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the primary activities undertaken (see Note 7.3) in the year. The Trustees have decided to meet all 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	2022 Total £'000	2021 Total £'000	Basis of apportionment
Staff costs	94	170	**264**	263	Allocated on time
Employee-related costs	63	10	**73**	41	Allocated on time
Premises – office	171	28	**199**	153	Allocated on time
Technology	100	16	**116**	120	Allocated on time
Insurance	23	4	**27**	25	Allocated on time
Irrecoverable VAT	10	2	**12**	8	Allocated on time
Financial costs	6	1	**7**	7	Allocated on time
Depreciation	73	12	**85**	116	Allocated on time
AGM, Council and committee expenses	68	11	**79**	57	Governance
Auditors remuneration	9	2	**11**	9	Governance
Legal and professional	105	17	**122**	134	Governance
TOTAL	**722**	**273**	**995**	933	

Prior year analysis of support and governance costs

	General support £'000	Governance function £'000	2021 Total £'000
Staff costs	125	138	263
Employee-related costs	36	5	41
Premises – office	136	17	153
Technology	107	13	120
Insurance	22	3	25
Irrecoverable VAT	7	1	8
Financial costs	6	1	7
Depreciation	103	13	116
AGM, Council and committee expenses	51	6	57
Auditors remuneration	8	1	9
Legal and professional	119	15	134
TOTAL	720	213	933

Notes to the financial statements (cont.)

For the year ended 31 December 2022

7.5 Analysis of grants

	2022 Number	2021 Number	2022 Total £'000	2021 Total £'000
Travel grants	113	6	**37**	14
Research grants	2	9	**74**	74
Teaching	-	3	**-**	15
Public engagement grants	1	7	**38**	48
Departmental engagement	44	6	**20**	27
Studentships	33	30	**61**	50
Professional development	7	-	**6**	-
Undergraduate awards	8	1	**3**	1
Grants written back in year	(11)	(23)	**(13)**	(21)
TOTAL	**197**	39	**226**	208

7.6 Staff costs

	2022 Total £'000	2021 Total £'000
Gross wages and salaries	**1,084**	1,145
Social security costs	**123**	117
Pension costs	**107**	109
	1,314	1,371

Included in the above were sums relating to redundancy or termination payments totalling £Nil (2021: £10,791). 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 £506,701 (2021: £547,545).

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

	2022 Number	2021 Number
CEO	**1.0**	1.0
Scientific programmes	**8.0**	8.8
Operations	**2.7**	4.0
Professional development & engagement	**3.3**	3.6
Policy & communications	**8.1**	7.8
	23.1	25.2

Notes to the financial statements (cont.)

For the year ended 31 December 2022

Emoluments of employees

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

	2022 Number	2021 Number
£60,001 – £70,000	-	2
£70,001 – £80,000	**2**	-
£80,001 – £90,000	**-**	1
£90,001 – £100,000	**-**	-
£100,001 – £120,000	**-**	-
£120,001 – £130,000	**-**	1
£130,001 – £140,000	**1**	-
£140,001 – £150,000	**-**	-
	3	4

The total pension contributions for the above higher paid staff were £33,307 (2021: £38,659).

7.7 Related party transactions

All Trustees are Members of The Physiological Society. The Trustees received no remuneration in respect of their services to The Society but certain host departments received academic support amounting to £40,730 (2021: £40,721) and Trustees (12 in total) incurred expenses totalling £17,322 (2020: 12, £3,567).

Academic support

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

Trustee		2022 £'000	2021 £'000
D. Attwell	University College London	**7**	7
D Baines	St George's, University of London	**-**	3
S Deuchars	University of Leeds	**-**	7
L Green	University of Southampton	**3**	3
F Sengpiel	University of Cardiff	**7**	7
D Paterson	University of Oxford	**14**	14
C Hall	University of Sussex	**7**	-
P McLoughlin	University College Dublin	**3**	-
TOTAL		**41**	41

Editorial support

During the year, payments totalling £117,250 (2021: £115,101) were made to senior journal editors, who are not Trustees, in respect of honoraria and institutional editorial support.

Travel Grants

One Trustee was awarded a travel grant totalling £362 (2021: £700)

Notes to the financial statements (cont.)

For the year ended 31 December 2022

7.8 Tangible fixed assets

	Freehold property £'000	Freehold improvements £'000	Fixtures, fittings & equipment £'000	CRM £'000	Total £'000
Cost:					
At 1 January 2022	1,918	467	405	-	**2,790**
Additions	-	-	-	19	**19**
Disposals	(85)	-	-	-	**(85)**
At 31 December 2022	1,833	467	405	19	**2,724**
Accumulated depreciation					
At 1 January 2022	322	282	375	-	**979**
Charge for the year	39	31	14	-	**84**
Disposals	(85)	-	-	-	**(85)**
At 31 December 2022	276	313	389	-	**978**
Net book value at 31 December 2022	**1,557**	**154**	**16**	**19**	**1,746**
Net book value at 31 December 2021	1,596	185	30	30	1,811

7.9 Investment properties

	2022 Total £'000	2021 Total £'000
Fair value at the start of the year	**2,900**	2,900
Transfer from Tangible Fixed Assets	**-**	-
Revaluation during the year	**(340)**	-
Fair value at the end of the year	**2,560**	2,900

The Trustees requested a formal valuation (by Charlie Browne (Daniel Watney LLP)) in March 2023 and as a result the value of the portion of the property held as an investment asset has been reduced by £340,000.

Notes to the financial statements (cont.)

For the year ended 31 December 2022

7.10 Investments

	2022 Total £'000	2021 Total £'000
Analysis of investments at 31 December by category of holding		
Market value of listed investments	**9,752**	11,529
Cash held as part of the portfolio	**228**	91
	9,980	11,620
Analysis of movements in investments		
Market value at 1 January 2022	**11,529**	9,257
Additions	**1,772**	12,700
Opening market value of disposals in the year (proceeds: £1,725k (2021: £11,394k))	**(1,936)**	(10,580)
Net unrealised gains	**(1,613)**	152
Market value at 31 December 2022	**9,752**	11,529
Historic cost at the year end	**11,483**	11,461

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

7.11 Debtors

	2022 Total £'000	2021 Total £'000
Trade debtors	**2,980**	2
Other debtors	**87**	-
Prepayments	**141**	106
Accrued income	**25**	40
	3,233	148

7.12 Creditors

	2022 Total £'000	2021 Total £'000
Trade creditors	**189**	167
Other taxes and social security costs	**447**	521
Other creditors	**41**	223
Accruals	**71**	128
Deferred income	**2,521**	2,814
	3,269	3,853

Notes to the financial statements (cont.)

For the year ended 31 December 2022

7.13 Deferred income

	2022 Total £'000	2021 Total £'000
At January 2022	**2,815**	3,080
Amount released in the year	**(2,815)**	(3,080)
Amount deferred in the year	**2,521**	2,815
At 31 December 2022	**2,521**	2,815

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

7.14 Movement in funds

	Opening balance £'000	Income £'000	Expenditure £'000	Net gains £'000	Transfers £'000	Closing balance £'000
Unrestricted funds						
General funds	**2,970**	**4,148**	**(3,836)**	**(1,824)**	**2,323**	**3,781**
Designated funds						
Bannister Legacy	*10*	-	(2)	-	**-**	8
HHH Property Fund	*4,681*	-	(54)	(340)	**-**	4,341
HHH Maintenance Fund	*500*	-	(49)	-	**50**	501
Continuity Fund	*7,100*	-	-	-	**-**	7,100
Strategic Investment Fund	*1,075*	-	(72)	-	**(1,003)**	-
COVID fund	*1,370*	-	-	-	**(1,370)**	-
Total designated funds	**14,736**	**-**	**(177)**	**(340)**	**(2,323)**	**11,896**
Total unrestricted funds	**17,706**	**4,148**	**(4,013)**	**(2,164)**	**-**	**15,677**
Restricted funds						
Bayliss and Starling Society fund	**41**	-	**-**	-	**-**	41
Paton prize bursary fund	**18**	-	**(1)**	-	**-**	17
Inclusion and Diversity fund	**9**	-	**-**	-	**-**	9
Unlocking Futures Fund	**-**	5	**-**	-	**-**	5
Other restricted funds:	**16**	-	**(3)**	-	**-**	13
Total restricted funds	**84**	5	**(4)**	-	**-**	**85**
Total funds	**17,790**	**4,153**	**(4,017)**	**(2,164)**	**-**	**15,762**

Notes to the financial statements (cont.)

For the year ended 31 December 2022

Unrealised (losses)/gains included above:	2022 Total £'000	2021 Total £'000
Unrealised (losses)/gains included above:		
On listed investments	**(1,503)**	160
On investment property	**654**	994
Total unrealised (losses)/gains at 31 December 2022:	**(849)**	1,154
Reconciliation of movements in unrealised gains		
Unrealised gains at January 2022	**1,154**	2,783
Difference between historical cost and realised gains/losses on listed investments and the actual realised gains/losses there on calculated on the revalued amounts	**(50)**	(1,781)
Unrealised (losses) gains on listed investments arising in the year	**(1,613)**	152
Revaluation of investment property in the year	**(340)**	-
Unrealised (losses)/gains at 31 December 2022	**(849)**	1,154

Prior Year Movement in funds

	Opening balance £'000	Income £'000	Expenditure £'000	Net gains £'000	Transfers £'000	Closing balance £'000
Unrestricted funds						
General funds	2,878	4,452	(3,432)	464	(865)	3,497
Designated funds	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*
Total unrestricted funds	15,550	4,452	(3,557)	(50)	-	16,395
Restricted funds						
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
Total restricted funds	127	-	(30)	-	-	97
Total funds	15,677	4,452	(3,587)	(50)	-	16,492

Notes to the financial statements (cont.)

For the year ended 31 December 2022

Designated funds

The Society has designated a HHH Property Fund (£4,341,000) 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, £0.501m 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.

During the current year a decision was taken to return the Strategic Investment Fund and the COVID-19 funds to General unrestricted funds, this reflects both the impact of the return on investments in the period and also a reflection on the pressures facing the publishing activities which requires The Society to maintain sufficient reserves to make day to day decisions in a period of turbulent income.

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.

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.

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 2022 is £9,000.

In 2022 the Unlocking Futures Fund was created in memory of Professor Hisako Ikeda-Wolstencroft, a valued member of The Society and a world leader in the field of vision research. In her memory, Professor Ikeda-Wolstencroft's family made the founding donation to The Society's new Unlocking Futures Fund of £5k with the aim of unlocking the potential of a future leader of physiology.

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.

Notes to the financial statements (cont.)

For the year ended 31 December 2022

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

	2022 Total £'000	2021 Total £'000
Net movement in funds	**(2,208)**	1,298
(gains)/losses on investments	**1,824**	(968)
Losses/(gains) on Investment Property Revaluation	**340**	-
Depreciation charges	**84**	112
(Loss)/profit on disposal of fixed assets	**-**	4
Increase/(decrease)in debtors	**(3,085)**	310
(Decrease) in creditors	**(584)**	(254)
Dividends and interest	**(342)**	(326)
Net cash used in operating activities	**(3,791)**	176

7.16 Analysis of cash and cash equivalents

	2022 Total £'000	2021 Total £'000
Cash in hand	1,512	5,164
	1,512	5,164

Notes to the financial statements (cont.)

For the year ended 31 December 2022

7.17 Comparative SoFA per FRS 102

	Unrestricted funds £'000	Restricted funds £'000	2021 Total £'000
Income from:			
Donations			
Charitable activities	3,804	-	**3,804**
Investments	326	-	**326**
Other trading activities	-	-	**-**
Total	**4,130**	**-**	**4,130**
Expenditure on:			
Raising funds:			
Investment management costs	31	-	**31**
Charitable activities:			
Publications	1,426	-	**1,426**
Events	564	1	**565**
Engagement	1,613	12	**1,625**
Other	153	-	**153**
Total	**3,787**	**13**	**3,800**
Net (expenditure)/income before gains on investments	**343**	**(13)**	**330**
Net (losses) / gains on investments	968	-	**968**
(Losses) / gains on revaluation of investment property	-	-	**-**
Net movement in funds	**1,311**	**(13)**	**1,298**
Reconciliation of funds			
Fund balances as at 1 January 2021	16,395	97	16,492
Fund balances as at 31 December 2021	**17,706**	**84**	**17,790**

8 Standing information

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

Trustees
David Attwell
Daniel Brayson
John Cripps
Heidi de Wet
Annette Dolphin (from December 2022)
Lucy Green
Catherine Hall
Áine Kelly
Raheela Khan (stepped down December 2022)
Nephtali Marina Gonzalez (from December 2022)
Paul McLoughlin
Hugh Montgomery (from December 2022)
Andrew Parker (from December 2022)
David Paterson (stepped down December 2022)
Frank Sengpiel (stepped down December 2022)
Matt Taylor (stepped down December 2022)
Mike Tipton

Key management personnel
Dariel Burdass, Chief Executive
Sally Howells, Publisher (left organisation in Sept 2022)
Andrew Mackenzie, Associate Director of Strategy and External Relations
Liam McKay, Associate Director of Operations
Simon Rallison, Director of Scientific Programmes (left organisation in July 2022)
Chrissy Stokes, Head of Professional Development and Engagement (left organisation in June 2022)
Sarah Bundock Head of Events and Marketing (Joined SMT July 2022)

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

Company number
00323575

020 7269 5710
www.physoc.org



The Physiological Society

THE PHYSIOLOGICAL SOCIETY

England & Wales - Charity number 211585

Accounts

Trustees' Annual Report and Accounts

for year ended 31 December 2021

Company number: 323575
Registered charity: 211585

www.physoc.org

Annual Report and Accounts
Company No. 323575

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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 UKs 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 you 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.

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 review's 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

  - 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**	▪ 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.	▪ 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.
		▪ Promoted JP to readers and authors in India via a publishing webinar aimed at Early Career Researchers (ECRs). This showcased *The Journal*'s strengths, the quality of the peer review process and the benefits offered to authors.	▪ Improved quality of submissions from India.
2	**Developing the brands**	▪ 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.	▪ We hosted 13 VJCs webinars in 2021 and a had good number of attendees participating in discussions.
		▪ 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.	▪ 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.
3	**Raising the bar for scientific integrity**	▪ Improved Information for Authors.	▪ Clearer and more straightforward instructions given to authors on how they can write the most compelling articles by conforming to

3	Raising the bar for scientific integrity		journal standards and requirements.
		▪ EP launched a new statistics policy for the reporting and presentation of data.	▪ Increased transparency and rigor in the reporting and analysis of data in published articles.
		▪ Open Science Badges introduced for both JP and EP.	▪ Clear visual cue for readers and an 'award' for authors who promote the principles of the Open Science movement.
		▪ JP introduced the publication of the peer review history of all accepted manuscripts.	▪ Increased transparency of editorial decision-making and an educational tool for researchers, especially ECRs.
4	Transition to Open Access	▪ More 'Read and Publish' deals negotiated by Wiley.	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.
		▪ In-principle decision made to 'flip' EP to Open Access in 2023.	Another Open Access journal in The Society's portfolio, ensuring EP remains a viable and competitive journal for researchers requiring Open Access publishing venue.
5	Future Plans – 2022 and beyond	▪ Appointment and training of new Editors-in-Chief for all three journals.	
		▪ Position EP to flip to Open Access.	
		▪ Attract increased good-quality submissions for all three journals.	
		▪ Improved pipeline of invited content.	
		▪ Add clarity on/streamline journal and editorial policy.	
		▪ More effective conference attendance.	

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	**Be innovative in our approach to meetings**	▪ 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. ▪ 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. ▪ 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.	▪ 88% of people attending rated the conference as excellent or good ▪ 90% of people attending rated the virtual event platform as excellent or good ▪ 89% of people attending felt that the online format worked well for the conference ▪ 98% of people attending would recommend this conference to a colleague, collaborator or peer ▪ Comments from the feedback included: – 'Well run, preferred it being online'

			– 'Physiology 2021 was an excellent experience!' – 'Engaging and inspiring!'
2	**Play a leadership role in developing strategic partnerships that advance the knowledge and understanding of physiology**	▪ 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'. ▪ Bringing together physiologists and clinicians helps to better understand the underlying mechanisms and identify potential therapies for long COVID. ▪ 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.	▪ As of 31 December 2021, 97 people had registered for the conference. ▪ Registrants include those from NHS trusts across the UK.
3	**Coordinate with The Society's other activities**	▪ The Events team worked across all teams on the 2021 Member Forum and President's Lecture, which was a hybrid event.	▪ These events brought together membership, professional development and engagement, communications and governance.
4	**Ensure evaluation is embedded into our programmes**	▪ 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.	▪ 39% of those that attended Physiology 2021 felt that the Annual Conference should be held online again. ▪ 34% of those that attended Physiology 2021 would not have attended the in-person event.
5	**Introduce more audience participation**	▪ 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.	▪ Comments from the feedback for Physiology 2021 included: – '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

			it feel almost like a 'proper' meeting!'
6	**Research opportunities for new styles of meeting**	▪ The 2021 Member Forum and President's Lecture was held as a hybrid meeting in person at the Royal Society and also online.	▪ Around 60 people attended in person at the Royal Society for the Member Forum and President's Lecture. ▪ 18 people attended the Member Forum online. ▪ 86 people attended the President's Lecture online.
7	**Agree a sustainable business model for our meetings programme**	▪ With many conferences in 2021 and 2022 postponed from 2020 the work on this will be a priority for 2022.	▪ After a successful trial run, the role of online events will 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.
8	**Online frees events from geographical constraints other than time zones and differences in access to technology.**	▪ For all online conferences that were held on the virtual event platform, each talk was recorded and made available to watch on demand. ▪ 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.	▪ The Annual Review Prize Lecture increased the audience by 35% with the lecture being available to view on demand. ▪ The Annual Conference, Physiology 2021, was attended by a vibrant community of close to 600 scientists from 45 countries.
9	**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**	▪ The newly appointed Early Career Theme Leads organised Future Physiology 2021 and the programme spanned all Society Themes. ▪ Conferences Committee recruited a member with clinical expertise.	▪ The programme for Future Physiology 2021 was the most balanced and inclusive to date.

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**	▪ 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.	▪ 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.
		▪ 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.	▪ The professional development programmes throughout 2021 were attended by: 53 individuals (Knowledge Exchange), 61 (Teaching and Learning webinars), and 51 (Public Engagement Training).
		▪ 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.	▪ 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

			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.**	▪ 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.	▪ The summer studentship provides an important opportunity for students to validate or inform their plans for a research career in physiology.
		▪ We ran a series of undergraduate webinars to support undergraduate research and inform career choices.	▪ 163 individuals attended the undergraduate series.
3	**Developing a policy and funding environment favourable to physiology**	▪ 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.	▪ 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.
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**	▪ 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.	▪ The video was watched on social media 4,500 times and generated 43,837 impressions.
5	**Future Plans – 2022 and beyond**	▪ The new grants programme will complete its first cycle in 2021; this programme has been designed to support career development and reward membership loyalty. ▪ 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.	

5	**Future Plans – 2022 and beyond**	▪ 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.	

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.

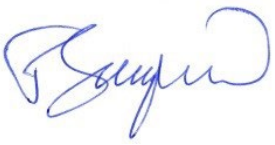
Volunteers

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

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

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

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

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	-	**3,629**	4,023
Events	26	-	**26**	3
Membership subscriptions	149	-	**149**	61
	3,804	**-**	**3,804**	**4,087**

Prior year income from charitable activities

	Unrestricted	Restricted	2020 Total £'000
Publications	4,023	-	4,023
Events	3	-	3
Membership subscriptions	61	-	61
	4,087	**-**	**4,087**

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	**139**	151
Investment property rental	**186**	204
Bank deposit interest	**1**	10
	326	**365**

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
Raising funds:					
Investment management costs	-	31	-	**31**	22
Charitable activities:					
Publications	-	1,166	260	**1,426**	1,487
Events	-	414	151	**565**	455
Engagement	208	965	452	**1,625**	1,444
Other	-	83	70	**153**	179
	208	**2,659**	**933**	**3,800**	3,587

Prior year Analysis of expenditure

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

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	**263**	319	Allocated on time
Employee-related costs	36	5	**41**	57	Allocated on time
Premises – office	136	17	**153**	150	Allocated on time
Technology	107	13	**120**	114	Allocated on time
Insurance	22	3	**25**	25	Allocated on time
Irrecoverable VAT	7	1	**8**	15	Allocated on time
Financial costs	6	1	**7**	6	Allocated on time
Depreciation	103	13	**116**	126	Allocated on time
AGM, Council and committee expenses	51	6	**57**	50	Governance
Auditors remuneration	8	1	**9**	9	Governance
Legal and professional	119	15	**134**	87	Governance
	720	**213**	**933**	958	

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
	732	226	958

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)
	39	38	**208**	178

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
	1,371	1,337

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
	25.2	25.4

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	**-**	-
	4	3

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
		41	38

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
Cost:				
At 1 January 2021	1,937	467	405	**2,809**
Additions	-	-	-	**-**
Disposals	(19)	-	-	**(19)**
At 31 December 2021	**1,918**	**467**	**405**	**2,790**
Accumulated depreciation				
At 1 January 2021	298	251	334	**883**
Charge for the year	39	31	41	**111**
Disposals	(15)	-	-	**(15)**
At 31 December 2021	**322**	**282**	**375**	**979**
Net book value at 31 December 2021	**1,596**	**185**	**30**	**1,811**
Net book value at 31 December 2020	**1,639**	**216**	**71**	**1,926**

6.9 Investment properties

	2021 Total £'000	2020 Total £'000
Fair value at the start of the year	**2,900**	3,414
Transfer from Tangible Fixed Assets	**-**	-
Revaluation during the year	**-**	(514)
Fair value at the end of the year	**2,900**	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
Analysis of investments at 31 December by category of holding		
Market value of listed investments	**11,529**	9,257
Cash held as part of the portfolio	**91**	267
	11,620	9,524
Analysis of investments at 31 December by location		
Investments held in the UK	**5,382**	3,319
Investments held outside the UK	**6,238**	6,205
	11,620	9,524
Analysis of movements in investments		
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
Market value at 31 December 2021	**11,529**	9,257
Historic cost at the year end	**11,461**	7,735

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
	148	458

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
	3,853	4,107

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	**2,815**	3,080

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
Unrestricted funds						
General funds	**3,497**	4,130	(3,613)	968	(2,012)	**2,970**
Designated funds	**12,898**	**-**	**(174)**	**-**	**2,012**	**14,736**
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*
Total unrestricted funds	**16,395**	**4,130**	**(3,787)**	**968**	**-**	**17,706**
Restricted funds						
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**
Total restricted funds	**97**	**-**	**(13)**	**-**	**-**	**84**
Total funds	**16,492**	**4,130**	**(3,800)**	**968**	**-**	**17,790**

Notes to the financial statements (cont.)

For the year ended 31 December 2021

	2021 Total £'000	2020 Total £'000
Unrealised gains included above:		
On listed investments	**160**	1,789
On investment property	**994**	994
Total unrealised gains at 31 December 21:	**1,154**	2,783
Reconciliation of movements in unrealised gains		
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)
Market value at 31 December 2021	**1,154**	2,783

Prior Year Movement in funds

	Opening balance £'000	Income £'000	Expenditure £'000	Net gains £'000	Transfers £'000	Closing balance £'000
Unrestricted funds						
General funds	2,878	4,452	(3,432)	464	(865)	3,497
Designated funds	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*
Total unrestricted funds	15,550	4,452	(3,557)	(50)	-	16,395
Restricted funds						
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
Total restricted funds	127	-	(30)	-	-	97
Total funds	15,677	4,452	(3,587)	(50)	-	16,492

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 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

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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	**176**	722

6.16 Analysis of cash and cash equivalents

	2021 Total £'000	2020 Total £'000
Cash in hand	5,164	5,791
	5,164	5,791

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

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

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The Physiological Society

THE PHYSIOLOGICAL SOCIETY

England & Wales - Charity number 211585

Accounts

Trustees' Annual Report and Accounts

for year ended 31 December 2020

Company number: 323575
Registered charity: 211585

www.physoc.org

Annual Report and Accounts
Company No. 323575

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1 Introduction from President and Chief Executive

Enhancing the visibility of physiology in an inclusive and sustainable manner

During these turbulent times, we continue to be impressed by the commitment of all our staff and volunteers who are working hard to ensure physiology flourishes both here in the UK and around the world.

As the world grappled with the COVID-19 pandemic, we have seen the vital role physiological research plays in protecting global health. When confronted with a novel, multi-organ infectious disease, physiologists took a leading role in trying to understand the complex nature the virus had on the body's various organ systems. By bringing clinicians and physiologists together at the start of the pandemic in our 'Questions from the Frontline' initiative, we supported the global health response. In December 2020, our 'COVID-19: Lessons learned from the frontline' conference, in partnership with the Intensive Care Society, allowed us to share current knowledge and thinking across many physiological systems. The conference showcased the symbiotic relationship between physiology and clinical care and help set the agenda for research to identify future treatments and therapies. This will not be the last pandemic, and whether treating emergencies such as these, or chronic global health conditions such as obesity or ageing, our discipline has never been more important.

Membership is at the heart of everything we do at The Society. In 2020 we launched a contemporary and inclusive membership with well-defined progression pathways for those both in academic and non-academic physiology-focused careers. The aim was to increase networking and collaborative opportunities for members working in more diverse roles in physiology and to improve tailoring of the support we offer our members across different categories. Leading on from this in 2021 we will be launching a new grants programme for funding opportunities in 2022 and onwards. This programme is designed to achieve a coherent package of end-to-end support for our members where the whole is greater than the sum of the constituent parts. The goal of the programme is both to encourage and reward long-term membership and also to develop a cadre of advocates for physiology and The Society.

During 2021 and beyond we will be looking to build the membership both by re-engaging with our core base while reaching out and appealing to new members. In doing this we want to ensure we reflect the communities we serve and are inclusive of all cultures, experiences, and identities as this will strengthen The Society and the discipline. In 2020 an Equality, Diversity, and Inclusion Task Force was established to drive forward our progress in this area to make sure the principles of diversity and inclusion are embedded across all activities of The Society. Our Diversity and Inclusion Roadmap for Change was launched in April 2021 with diversity advocate and physiologist, Dr Oz Ismail.

When the world locked down in March 2020 and many of our members had to abandon their labs and research, we quickly adapted our activities and resources to support our membership and the academic community through a challenging and unfamiliar time. Throughout 2020 we provided support for physiologists through our COVID-19 Hub, which provides online information, advice, and practical help (for example, through our Support & Inclusion Fund, mental health training and teaching resources).

Despite not being able to meet physically, we continued to provide a comprehensive and rich programme of events. We advanced physiology with our Scientific Theme Webinars, Virtual Journal Clubs, and conferences such as Future Physiology. Alongside this, we have developed a programme of professional development resources to support members' career development. We were delighted that our efforts were recognised by winning an industry-leading award for the support we offered.

Our policy work has engaged Government ministers, politicians, and scientific advisors to ensure The Society has a prime seat at the decision-making table. The risks of serious illness from COVID-19 requiring hospitalisation and dying both rise with age; consequently, in November 2020 we launched our report, A National COVID-19 Resilience Programme: Improving the health and wellbeing of older people during the pandemic. This project brought together physiologists, nutritionists, geriatricians, physiotherapists, and clinicians to discuss the physiological factors behind why the risk of COVID-19 disease severity rises with age. The project was a collaboration between The Society and Centre for Ageing Better, part of the UK Government's What Works Network. The resulting report was launched at the Discussion Meeting of the UK Parliamentary & Scientific Committee and covered in national media. We have subsequently engaged with a variety of key stakeholders, such as the NHS, Public Health England, local authorities, and the Chief Medical Officers.

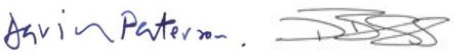
The Society's publishing plays a significant role in our mission through the dissemination of leading-edge research. We have continued to ensure our journals remain flagships for physiology, where any researcher is proud to publish. During 2020 author and reader engagement via social media, newsletters and videos kept the community informed of our activities. We also hosted Publishing for Beginners webinars. *Experimental Physiology* rolled out a new article type – Registered Reports – as a signal to the community of our commitment to acknowledging the best science and preventing bias in the research outputs. We also rolled out new initiatives to help build the community such as Scite and Open Science Badges. The journals also provide valuable income which we can reinvest directly back into physiology, through for example, our grants, conferences, and engagement work.

We will all be living with the impact of this virus for some time, and we are determined to continue supporting our members both now and in the future. We want The Society to be the home for Physiologists where they can network and build communities both face to face and online. To support this in 2021 we are excited to launch our new online member community which will allow members to meet and discuss from anywhere in the world.

As we look forward, we will continue to put The Society's purpose – To advance physiology in order to foster the understanding and improvement of life – at the forefront with the public, policy makers and physiologists. The goal is to increase the prestige associated with physiology at university departments and to highlight the legacy of physiology academia to potential students. One of the initiatives we will be rolling out in 2021 is a Society Blue Plaque scheme. The aim of the scheme is to celebrate and recognise institutions where pioneering physiologists such as Nobel Laureates and the first female physiologists have made significant contributions to the discipline.

In short, the focus for the next two years is to enhance the visibility of physiology in an inclusive and sustainable manner.

We thank you for you continued support.



David Paterson ***Dariel Burdass***

President ***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 2020.

This is the Trustees' Annual Report and Accounts for the year ended 31 December 2020 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 governing document is the Articles of the Company, and the members of the Board of Trustees ("the Board") are the Directors of the Company.

"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.

The Society also produces an Impact Report which features further information on the activities of The Society, including reports and case studies which demonstrate the impact of our work over 2020. The Impact Report can be obtained from the registered office, Hodgkin Huxley House, or online from www.physoc.org.

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.

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 - £4,023,000 (2019: £4,094,000), events - £3,000 (2019: £159,000), membership - £61,000 (2019: £153,000) and investments and investment property - £365,000 (2019: £397,000).

Overview of the year

Charitable expenditure of £3,565,000 (2019: £4,656,000) was incurred during the year and has supported our charitable objects as set out in the statement of financial activities on page 25 of this report.

Publishing income (90% of total income) fell slightly by £71,000 (1.7%).

Events income in 2020 decreased by £156,000, from £159,000 in 2019 which included Physiology 2019, The Society's first 'solo' Annual Conference for a number of years. 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. Membership income recognised in the period fell from £153,000 to £61,000 as a result of a decision to spread the income across the period of membership, this is a one off accounting adjustment.

Investment fund income, which is all reinvested, fell slightly by £31,000 (16%). Rental income associated with the rental of space in Hodgkin Huxley House held static at £204,000 compared to £205,000 in 2019. To help safeguard the property asset, £500,000 has been designated to reflect the ten-year building maintenance programme.

The impact of COVID-19 led to the postponement of a number of costs, external and internal meetings, travel grants, public engagement activities and policy and communication activities were all impacted with an overall reduction in charitable spend of £1,091,000 over the prior period.

The impact of these costs not occurring together with the relative strength of publishing in a pandemic year and other income has led to an operating surplus of £865,000 compared to £122,000 in the prior year. The surplus has arisen because of the 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 a COVID-19 fund.

Investment performance

Following the net gain of £972,000 from the investment portfolio in 2019 the current turbulent year ended up returning a £464,000 gain representing a 5.9% return. The cash held on 190-day deposit matured towards the year end and was held within cash at the balance sheet date. As a result of this change offset by the gain for the year the total value of listed investments and cash held within the portfolio decreased from £9,957,000 to £9,524,000.

As a result of the pandemic The Society has reviewed the carrying value of the portion of Hodgkin Huxley House held for investment purposes and based on local evidence have reduced the carrying value by £514,000 as at 31 December 2020, to reflect both the uncertainty in the commercial property market and subdued demand as at that date.

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 2020, the managed portfolio returned a gain of 5.9% while the inflation target (CPI + 4.0%) amounted to a gain of 4.5%. The composite benchmark returned a gain of 5.9% 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. Cazenove Capital Management (CCM), 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. In 2021 The Society engaged consultants PWC to develop a new Investment Policy Statement (IPS) which better supports The Society's goals including incorporating a more robust Responsible Investment Policy statement, as well as review potential fund managers, which would include the incumbent, to manage The Society's portfolio under the new IPS.

Reserves Policy

The Society's current Reserve Policy is a risk based policy that will help to achieve The Society's objectives, as set out in the 2018 – 2022 Strategy. This risk-based policy was developed by the Finance Committee following an escalation of The Society's publishing income risk and also following updated guidance from the Charity Commission, which requires the Reserves Policy to be clearly laid out with strong justifications on why the stated reserves are needed. The new policy balances the need to hold back reserves to mitigate the publishing income risk but also signals intentions to fulfil charitable objects for current beneficiaries (e.g. strategic projects). In addition, a proportion of the funds have been set aside for sustainability and income diversification initiatives. The major exposure in The Society's income portfolio is its dependence on publishing income, which represents around 90% 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 (£5.6m) 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 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.

The Society has further designated a HHH Property Fund (£4,823,000) 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 and income diversification, for which a sum of £1,100,000 has been designated.

COVID-19 Fund

As reported above The Society has designated the surplus arising in 2020 of £865,000 into a specific COVID-19 fund:

- 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;

- to provide support for hybrid conferences which by their nature are more resource intensive to run with a physical venue and a virtual platform which is essentially another venue which must be paid for alongside additional production and staffing costs.

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 £1.8m excluding third party operating costs and grants, to provide operational cash flow. At 31 December free reserves held totalled £3,497,000, 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.



Frank Sengpiel

Honorary Treasurer

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.

1.4 Strategic aims and performance

Strategy

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

- 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.

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.

Journals publishing, while itself an almost completely online activity, was not immune to the impact of the COVID-19 pandemic. Attending conferences, which is key to help us achieve the strategic goal of building the community, was not possible due to them being cancelled or held online. (In 2020 we had exhibits booked at Experimental Biology, the American College of Sport Medicine annual meeting, the European College of Sports Sciences annual meeting, Europhysiology and The Society for Neuroscience's annual meeting.) Exhibiting online had little impact compared to in-person attendance.

Also research itself was disrupted. Having held up well in the early stages of lockdown, submissions of research articles to *The Journal of Physiology* (JP) declined in the last quarter and the annual total was down on 2019. *Experimental Physiology* (EP) and PR, both of which had shown a longer-term upward trajectory in submissions, saw small increases in submissions in 2020 compared to 2019. The impact of COVID-19 will continue into 2021.

Invited content 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 many events resulted in a corresponding decline in the number of reviews submitted.

Objective	Activity	Performance/impact
1. Building the community	Our 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.	Out of 63 applications in 2020, eight new Fellows were appointed. Four of the original cohort of Fellows (from 2018) proved to be of such a high calibre that they were appointed as Reviewing Editors.
	In order to promote wide readership and signal our interest in attracting submissions from more countries worldwide, we hosted webinars in with local Editors in China and Brazil, with translations of key messages in the attendees' native language.	Improved quality of submissions from these countries.
	Both JP and EP appointed new Editors in China. Board appointments have also been made in currently under-represented countries including Germany and Hungary.	
2. Developing the brands	In order to engage more junior readers of JP, in 2020 we embarked on a new scheme called the 'Virtual Journal Club' (VJC), which invited eligible hosts to present their review of a recent research article of interest published in the journal to a wide audience.	We hosted nine VJC webinars in 2020 (and already have our calendar full for 2021) and a had good number of attendees participating in discussions.
	In 2020 JP introduced a new service for authors – access to our premium BioRender account that enables authors to create visually appealing and scientifically accurate schematic figures.	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.
	EP introduced a new feature, EPicks.	These short (1-2 min) researcher-led videos celebrate our authors' research. The videos are usually from the junior author on the paper. They help build author loyalty and increase accessibility of research to the wider community.

3.	Raising the bar for scientific integrity	EP introduced a new article type called Registered Reports. In these, a research question and proposed methods are evaluated for suitability prior to any data being collected.	The Registered Reports scheme helps authors refine experimental design and data analysis, reduces publication bias and improves reporting of results, irrespective of the outcome of the study. The first protocol submission has been reviewed and published.
4.	Transition to Open Access	JP and EP are part of Wiley's new read-and-publish deal with Jisc, covering authors in UK HEIs.	With the Jisc deal, JP and EP are compliant with Plan S (which took effect on 1st January 2020) in the countries where the cOAlition S funders are active. This is in line with the objective of complying with or exceed funders' OA mandates. Phys Rep was born OA.
5.	Future Plans – 2021 and beyond	Adoption of Open Science Badges scheme. Roll out of new EP statistics policy Publishing peer review reports. Improved IFAs to guide authors' writing style for better communication of research. Introduction of abstract figures for JP research articles.	

Conferences

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

Researchers go to scientific conferences to present new work and get feedback on it 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.

2020 felt like a watershed year for academic conferences. With travel restricted and venues closed from March onwards, the Trustees made an early decision not to hold in-person events for the rest of 2020.

Having a clear-cut decision allowed the Events team to:

- Mitigate the financial loss through cancellation of bookings;
- To postpone meetings and individual symposia to 2021 and 2022;
- To avoid reputational damage to The Society through leaving would-be attendees in limbo and to focus on how we might replace the 2020 programme.

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". When the pandemic struck the Events team was

already well into researching technology for online conferences, enabling them to switch almost overnight to a successful programme of virtual events.

The strategy went on to say that "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.

Objective	Activity	Performance/impact
1. Be innovative in our approach to meetings	Future Physiology was our first fully online meeting. It used new technologies for abstract submission, eposters, "table seating" and networking, and streaming of presentations.	There were 393 registrations from 36 countries (cf. 334 registrations from 18 countries for Future Physiology 2019). Of those, 252 attended at least one invited speaker talk, oral communication or workshop. As a result of attending Future Physiology 2020, 85% said that they have increased enthusiasm for their work and 93% said they have increased enthusiasm for Physiology in general. 71% said they feel more confident networking online following Future Physiology 2020
2. Play a leadership role in developing strategic partnerships that advance the knowledge and understanding of physiology	Building on the success of The Society's COVID-19 hub, the online conference COVID-19: Lessons Learned from the Frontline was organised jointly with the Intensive Care Society. The three-day meeting brought together physiologists and critical care specialists to make sense of the pathophysiological changes occurring throughout the body following COVID-19 infection.	353 people attended, or watched sessions on demand, and there were 739 were registered. The sessions have attracted nearly 1000 views on The Society's YouTube channel. • 77 were members of The Society • 123 were from NHS Trusts or Hospitals • 153 were other clinical colleagues, researchers etc. From the survey that 77 people responded to 58% or people said they attended as it was online, convenient and accessible. • 60% of people attended to learn from clinicians • 60% of people attended to learn from physiologists • 92% of people attended to hear the latest research • 92% of people stated that the conference demonstrated the importance of collaboration between physiologists and clinicians A number of speakers have accepted invitations to write a review for JP or JP
3. Coordinate with The Society's other activities	The Events team worked with *The Journal of Physiology* on Virtual Journal Clubs, with Professional Development	We have run seven Virtual Journal Clubs, with hosts in UK, Australia, France, Brazil and Ireland. All respondents rated the club as either 'good' or

Objective	Activity	Performance/impact
	on webinars and with membership on the 2020 Member Forum.	'excellent' and all said they would recommend the club to a colleague, collaborator, or peer. We also hosted 'Variability: How to Deal with It, Interpret It, and Learn from It' where the attendance was 231.
4. Ensure evaluation is embedded into our programmes	Online allows easy collection of digital data on user behaviour.	Being able to collect data on user behaviour is invaluable in informing and refining plans for future online conferences. Networking meetings after the Virtual Journal Club meetings were implemented following attendee feedback.
5. Introduce more audience participation	With the switch to online we have seen a surge of innovation in software enabling hosting of conferences, including real-time interaction between speakers, chairs, and audience. Many platforms offer gamification which awards points based on an attendee's behaviour eg for watching a talk, asking questions etc.	The activities in 2020 have demonstrated the importance of maintaining audience engagement for online conferences and this is a priority for 2021, particularly gamification.
6. Research opportunities for new styles of meeting	All 2020 meetings were in a new style. The virtual 2-day meeting on variability will be followed up by an in-person one-day workshop.	The impact of the 2020 online conferences and webinars means that going forward they will be an important addition to The Society's meetings calendar.
7. Agree a sustainable business model for our meetings programme	Online events have low fixed costs, a near-zero marginal cost of attendance and involve no travel. Although most of the virtual events were free, there was a small charge for non-members to attend the Variability: How to Deal with It, Interpret It, and Learn from It webinars. The Events team is exploring registration charges for hybrid events.	Having successfully delivered online events means that they will play a role in our planning either as a stand-alone event or as part of a hybrid event which would have an in person and virtual component.
8. Ensure there is geographical spread to the meetings we deliver	Online frees events from geographical constraints other than time zones and differences in access to technology.	We have seen a significant increase in the number of countries attending our events. For example, 18 countries attended Future Physiology 2019 in Liverpool and 36 countries attended Future Physiology in 2020.
9. Review the roles of the Theme Leads and Meetings Committee to ensure that we are using the right group to	Some of the Theme Leads were involved in arranging, and promoting, a well-attended series of Theme-based webinars, including 12 of the physiology of obesity. A new team of Early Career Theme Leads was enlisted in late 2020 and quickly played an important part in organising Future Physiology 2021.	With much of the 2020 and 2021 programme postponed to 2022, the impact of this is yet to be seen.

Objective	Activity	Performance/impact
decide on programmes and content	Four new members were recruited to Conferences Committee to replace positions and improve diversity.	

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 in order 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.

As part of an agile response to the pandemic, The Society adapted its activities and resources to support members living and working in unprecedented circumstances. The Society consolidated existing resources and built new ones to respond quickly to the changing landscape. The "COVID-19 Hub" was launched as a go-to area on the website to make it easy for members to access and keep up to date on all the activities to support them. Beyond our response to the pandemic, we continued to work on strengthening The Society through building our support and activities committed to increase diversity and inclusion within physiology.

Our communications activity engaged our strategic target audiences, responding to the COVID-19 pandemic by, for example, producing a series of rapid response information videos to inform the public about physiological aspects of the disease. Our policy work engaged key stakeholders to raise the visibility of physiology among funders, higher education institutions, public health organisations and policymakers.

Objective	Activities	Performance/impact
1. Increasing the level of engagement of our members and the number delivering engagement activities	The Society completed a review of its membership categories with a view of increasing the accessibility of membership to all those working within physiology – whether within or outside of academia. Throughout the pandemic The Society ran three programmes of professional development and support webinars that were co-created with members.	The impact of the new membership categories will take time to emerge, but the categories complement our diversity and inclusion work to increase access to non-academic physiologists. Moving to an online format enabled The Society to run webinars to support a range of communities within our membership (e.g. those that are teaching, undergraduates, or early career researchers). We worked with our members to identify and deliver webinars and resources appropriate for the environment and audience.

Objective	Activities	Performance/impact
2. Increasing the number of young people choosing to study physiology-based courses through traditional routes and emerging educational options.	In 2020, 20 undergraduate members were awarded a summer studentship; this scheme provides undergraduates with funding to undertake an 8-week research project in the lab of a member. In 2020, The Society launched a competition aimed to increase the take up of higher education in physiology called “Aspiring Black Physiologists".	The summer studentship provides an important opportunity for students to validate or inform their plans for a research career in physiology. Of the 20 students awarded, not all were able to take up their funding in 2020 and The Society was flexible with the option to defer funding until 2021. Aspiring Black Physiologists provides funding for members to go into schools to highlight Black physiologists that worked or are working within physiology. The competition is for Black students to write about their own experiences or the experiences/work of Black physiologists that have gone before them.
3. Developing a policy and funding environment favourable to physiology	We carried out three significant policy projects: (i) producing a physiology curriculum for medical students; (ii) explored physiology’s contribution to keeping older people healthy during the COVID-19 pandemic; and (iii) reviewed the scale of knowledge exchange activity undertaken by physiologists and how this can be increased.	The physiology curriculum has been accepted by the GMC into the undergraduate medical curriculum, thereby increase the visibility of physiology among clinicians and improving the physiology education medical students receive. Our COVID-19 report was launched at a virtual meeting of the Parliamentary & Scientific Committee, and recommended a ‘national resilience programme’ and helped set the agenda at a political and public policy level. It established TPS role within public health. Our knowledge exchange project has established links with industry, funders and policymakers, as well as bolstering our member offering, and The Society is sector leading in this approach.
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	In response to COVID-19 we launched a series of informational videos with a physiologist explaining a key, timely aspect of the disease and the public health response to it.	Our public information videos were watched by 820,000 people, with the COVID-19 Hub on our website visited by almost 50,000 people.

Objective	Activities	Performance/impact
5. Future Plans – 2021 and beyond	In 2021, we will be working to increase the engagement of our members and to attract new members in the Full member category. We will be unveiling a series of Blue Plaques across the UK to recognise key historical figures in physiology; at each unveiling there will be a guest speaker and a series of short talks about Society membership. We will also be launching an online member community area to encourage networking and to add value to membership with additional member-only resources. Our policy plan for 2021 builds directly on our 2020 activities, with further projects focused on key areas required for the delivery of our strategic objectives. This will include a focus on improving the landscape for interdisciplinary research and analysing the impact of physiology higher education.	

Internal processes

Harnessing technology, working smarter, increasing transparency and improving performance to support delivery of the strategy

Driving forward a successful strategy relies on appropriate and efficient systems and processes to underpin activity delivery. This includes infrastructure, financial planning, governance and administration.

All our operational processes were adapted to the response to COVID-19 in 2020, which included the lockdown closures of Hodgkin Huxley House. The Society was well placed to facilitate all operational processes whilst staff worked from home throughout 2020, with all business-critical systems cloud based, providing accessibility to all systems, and facilitating meetings and collaboration throughout lockdown. All staff were provided with the necessary support and resources to operate a remote working situation, and The Society provided a successful programme of remote training for all staff. The Society's financial processes, which were in part paper based, were migrated to a new online payment processing and authorisation platform, and our 2020 audit was successfully concluded entirely remotely.

Whilst Hodgkin Huxley House was unoccupied during the highest level of COVID-19 restrictions, the building was made COVID-19 ready in accordance with the government's COVID-19 Risk Assessment Framework, allowing The Society to safely reopen the building to those staff and tenants struggling to work from home. Despite the closures and restrictions throughout 2020, Hodgkin Huxley House maintained full tenant rental income, and a small reduction in service charge income and expenditure. Throughout 2020, the essential maintenance programme at Hodgkin Huxley House was maintained.

2020 saw the restructuring of the Operations Team. The new structure is led by a new Head of Operations role, and incorporates a new Business & Operations Manager role, and an uplift in the use of our outsourced finance partners (at both a director and administrative level).

The Society was awarded the government's Cyber Essentials certification in 2020. This certification tests the security of our network, devices, software and platforms, to ensure the data we hold is as securely as possible, complementing our continued commitment to Data Protection regulations.

Objective	Activities	Performance/impact
1. Developing the organisation and infrastructure	During 2020, we reviewed and upgraded our payroll system moving from paper payslips to online payslips. The review involved benchmarking systems used by other organisations, researching different providers, and seeking quotes and online demonstrations from our preferred options.	It has been beneficial during this period of homeworking and lockdown for staff to be able to access their payment profile online and payslips. The impact can also be seen by HR with the reduction in their time and the costs associated with postage. The system also allows for HR to have more control and transparency over what is entered into the system.
	During the previous year and the difficult circumstances, we maintained a full programme of training for all staff. Adapting to the circumstances at this time, the training and workshops were held virtually. The all-staff training focused particularly on ways of working such as building empathy, and the tools to provide managers and staff to be able to give and receive effective feedback. We also focused on diversity and inclusion.	Feedback has shown staff have continued to feel developed, supported, and included with our training and team building programmes.
	The Society continued to invest in staff specific learning and development programmes.	
	Alongside the training and to support team building and bonding, we also held a virtual away day and social team building events.	
	Our new Ways of Working Policy, adapted for homeworking lent itself to ensuring staff were supported while working remotely and gave suggestions and signposted resources to support good mental health.	
	In 2019 the Finance Committee at their noted that The Society had been with the	The Society will conduct its first audit with new auditor Buzzacott in 2021.

Objective	Activities	Performance/impact
	incumbent auditors for nearly 20 years. It was felt that it would be good practice to rotate audit firms with some regularity. The following process was then approved for rotation of auditors. • A full review and tender process every ten years. • Incumbent auditors can be reappointed annually by Council, subject to satisfactory performance, up to a maximum of ten years, partners to rotate after five years. In 2020 Finance Committee made a recommendation to the Board to the approve the new auditors who were selected to bring the right combination of qualifications, experience, technologies and approach to the task.	
2. Developing a high-performance Board	David Paterson stepped up as President in November 2020 and the David Attwell was appointed by the Board as President-elect. Lucy Green stepped up as the new Chair of the Education, Public Engagement and Policy Committee (EPEP). Daniel Brayson was elected as first Early Career Trustee. Honorary Treasurer Frank Sengpiel agreed to an extension of his role by a year to provide stability during COVID-19 and allow for a second round of recruitment. Catherine Hall was appointed as the incoming Chair of Conferences and Paul McLoughlin as the incoming Chair of Publications Committee (both to take office in November 2021).	The Board ran smoothly in 2020 after the 2019 adoption of the new governance structure and revised Articles and Regulations. Good communication between Trustees, the Chief Executive and the senior Management Team enabled The Society to be innovative and agile to navigate the unforeseen disruptions due to COVID-19 pandemic while continuing to deliver the strategy. The Board was able to run meetings effectively by Zoom and continued to make important decisions and hold insightful conversations. The transition to a new President and President-elect set the stage for a new post- COVID-19 strategy. The appointment of an Early Career Trustee and new Chair of EPEP (2020), and well as incoming Chairs of Conferences and Publications (2021) ensured new skills and experience as well as fresh perspectives.
3. Improving inclusion	The Society established a Diversity and Inclusion Task Force in 2020.	The Task Force, chaired by a Trustee Champion for Diversity and Inclusion, includes representation from each of the Advisory Committees. The Group leads work to ensure that the principles of diversity and

Objective	Activities	Performance/impact
	The Society is building an evidence base for action towards increasing diversity and equality of opportunity.	inclusion are embedded across all activities and reports regularly to the Board. In 2020 we increased our quantitative EDI data to 18% of members. We have begun to analyse engagement in activities (such as grants) in the context of this data. The next step will be to build qualitative data.
	The Society launched a competition entitled "Aspiring Black Physiologists" to encourage 16-18 year old Black students to consider a career in physiology.	Funding is available for members to visit schools (in person, or virtually) to highlight the work of physiologists – in particular Black physiologists – to encourage Black students to participate in the competition.
4. Future plans – 2021 and beyond	Maximising the building revenue potential. 2021 will see our tenant contracts reach their mutual break period, and an end of our current facilities management contract. In preparation of this, we will conduct a property review in 2021. The results of the property review will ensure that the building meets the future requirements of The Society as a source of income and also meets the needs of our activities. A recommendation on the optimum model will made to the Board via our Finance Committee during 2021. Utilising new technology platforms. 2021 will see the adoption of new platforms to better meet our requirements in expenses and grant management, risk and voting, together with the implementation of a new security software. Competencies and training: 2021 will see a review of our competency framework. The competency indicators will be differentiated to reflects roles and responsibilities. They will be better able to help identify where more focused training is required. Alongside this development the Behavioural descriptors are now broader but continue to underpin The Society's values. The Core/Essential Behavioural descriptors are:	

Objective	Activities	Performance/impact
	• Fostering Teamwork • Effective Communication • Personal awareness • Personal effectiveness • Problem solving • Job knowledge The SMT specific Behavioural descriptors are: • Partnership working • Leadership	

1.5 Structure, governance and management

Board of Trustees

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. Following a skills assessment each year, any identified vacancies on the Board are recruited following the processes dictated in the Articles of Association and Regulations. The normal length of service on the Board is four years. The current size of the Board is 13, including two independent Trustees and an Early Career Trustee. Board meetings are chaired by the President. From 2021 the General Directors shall always include in their number one person resident in the Republic of Ireland.

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.

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 three advisory committees are Conferences, Publications and Education, Public Affairs 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 newly updated governance pages of The Society's website.

Management and administration

The Society has approximately 30 staff and 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 has to 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

Under the newly adopted Articles of Association (2019) The Society is no longer obligated to hold an Annual General Meeting and on 20 November 2020 The Society hosted its first annual Members Forum which provided members with an opportunity to hear from the President, President-Elect, Incoming President-Elect, 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. The Forum concluded with our awards ceremony, recognising our Honorary Members, Fellows and Rob Clarke Award winners. We also presented our first ever Award for Exemplary Service to The Society. Due to COVID-19 restrictions this event had to take place online but was recorded and can be viewed on The Society's YouTube Channel: https://www.youtube.com/watch?v=UNaPORV0fA8

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.

Trustees have considered The Society's major risks, categorised as Governance, Regulatory, External, Financial and Operation and satisfied themselves that systems or procedures are established in order to mitigate those risks. For the purposes of this report, the Trustees have considered the key risks to be the continued reliance on a single source of income, Plan S and the transition to Open Access.

The Society's was tasked with seeking potential opportunities in revenue diversification during 2020, however, income still relies heavily on the journal publishing programme. The current (until end-2026) contract with Wiley for *The Journal of Physiology* and *Experimental Physiology* includes a guaranteed financial return to The Society. Since the contract was signed the long-term change in the USD/GBP exchange rate (80% of journal income is collected in USD) has increased the gap between actual income and the safety net of the guarantee, although the exchange-rate gain itself has been a welcome windfall. While the research funders' Plan S initiative, aimed at accelerating the transition of journals to Open Access, came into effect at the end of 2020, the likelihood of an OA-related Executive Order in the US receded. *The Journal of Physiology* and *Experimental Physiology* are compliant with Plan S in most of the countries where the participating research funders are active. Meanwhile, The Society's publishers, Wiley, have signed further "read-and-publish" deals with national consortia of libraries, most notably Jisc in the UK, broadening that compliance. The Board will continue to monitor the likely impact of the transition to Open Access on The Society's income and seek to mitigate any risk.

In 2020 the Conferences Committee and Events team faced the implications of the COVID-19 pandemic, forcing the cancellation of the Europhysiology conference and postponement of the two scheduled 2-day Topic Meetings. The Society was able to implement a strong programme of online events (including three meetings that each ran over several days) and through negotiation with vendors to keep the financial loss minimal. The Conferences Committee are reviewing the three options of in-person, online and hybrid events, and will consider the changing risk landscape.

In order to ensure that The Society maintains the recruitment and retention of members, we continued monitoring membership numbers throughout 2020. We have been careful to provide increased support and a sense of community during the pandemic and have introduced additional membership benefits such as Professional Development sessions that are free to members. We have surveyed our members the results of which illustrate that this support has been effective. For 2021 we have launched a contemporary and inclusive new suite of membership categories. This will better support our members, both those in academic and non-academic physiology-focused careers. These changes will enable us to further tailor member benefits for each career stage and to increase the breadth of our membership.

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 2021 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 2020, 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 2020 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. 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 2020

	Note	Unrestricted funds £'000	Restricted funds £'000	2020 Total £'000	2019 Total £'000
Income from:					
Donations		-	-	**-**	-
Charitable activities	**7.1**	4,087	-	**4,087**	4,413
Investments	**7.2**	365	-	**365**	397
Other trading activities		-	-	**-**	-
Total		**4,452**	**-**	**4,452**	**4,810**
Expenditure on:					
Raising funds:					
Investment management costs		22	-	**22**	32
Charitable activities:					
Publications		1,487	-	**1,487**	1,717
Events		455	-	**455**	816
Engagement		1,414	30	**1,444**	1,932
Other		179	-	**179**	191
Total	**7.3**	**3,557**	**30**	**3,587**	**4,688**
Net(expenditure)/income before gains on investments		**895**	**(30)**	**865**	**122**
Net (losses)/gains on investments	**7.10**	464	-	**464**	972
(Losses)/gains on revaluation of investment property		(514)	-	**(514)**	(186)
Net movement in funds		**845**	**(30)**	**815**	908
Reconciliation of funds:					
Fund balances as at 1 January 2020		15,550	127	**15,677**	14,769
Fund balances as at 31 December 2020		**16,395**	**97**	**16,492**	**15,677**

All the above results are derived from continuing activities. All gains and losses in the year are included above; accordingly, a statement of total realised gains and losses has not been prepared. The accounting policies on page 28 to 30 and the notes on pages 31 to 38 form part of these accounts.

4 Balance sheet

As at 31 December 2020

	Note	Unrestricted funds £'000	Restricted funds £'000	2020 Total £'000	2019 Total £'000
Fixed assets					
Tangible assets	**7.8**	1,926	-	**1,926**	2,048
Investment Property	**7.9**	2,900	-	**2,900**	3,414
Investments	**7.10**	9,524	-	**9,524**	9,957
		14,350	**-**	**14,350**	**15,419**
Current assets					
Debtors	**7.11**	458	-	**458**	368
Cash & cash equivalents	**7.16**	5,694	97	**5,791**	3,811
		6,152	**97**	**6,249**	**4,179**
Liabilities					
Creditors falling due within one year	**7.12**	(4,107)	-	**(4,107)**	(3,921)
Net current assets		**2,045**	**97**	**2,142**	**258**
Net assets		**16,395**	**97**	**16,492**	**15,677**
Funds					
Unrestricted funds – General	**7.14**	3,497	-	**3,497**	2,878
Designated Funds	**7.14**	12,898	-	**12,898**	12,672
Restricted funds	**7.14**	-	97	**97**	127
Total funds		**16,395**	**97**	**16,492**	**15,677**

This report was approved by the Trustees of The Physiological Society and signed on this 24th day of June 2021 on their behalf by:

David Paterson
President

Frank Sengpiel
Honorary Treasurer

5 Statement of cash flows

For the year ended 31 December 2020

	Note	2020 Total £'000	2019 Total £'000
Cash flows from operating activities:	**7.15**	**722**	178
Cash flows from investing activities:			
Dividends and interest		**365**	397
Purchase of investments		**(2,340)**	(758)
Movement in cash awaiting investment		**1,093**	(662)
Proceeds from sale of investments		**2,140**	760
Net cash provided by investing activities		**1,258**	**(263)**
Change in cash and cash equivalents in the year		**1,980**	(85)
Cash and cash equivalents at the beginning of the year		**3,811**	3,896
Cash and cash equivalents at the end of the year		**5,791**	**3,811**

	01/01/2020 £'000	Cashflows £'000	31/12/2020 £'000
Analysis of Net Debt			
Cash at Bank	3,811	1,980	**5,791**
Cash held by investment manager	1,359	(1,092)	**267**
Total	**5,170**	**888**	**6,058**

6 Accounting policies

For the year ended 31 December 2020

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.

6 Accounting policies

For the year ended 31 December 2020

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).

6 Accounting policies

For the year ended 31 December 2020

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. Holiday pay was unadjusted in 2018 as the movement was immaterial.

Employee termination benefits

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

Pensions

The Society operates a 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.

7 Notes to the financial statement

For the year ended 31 December 2020

7.1 Income from charitable activities

	Unrestricted	Restricted	2020 Total £'000	2019 Total £'000
Publications	4,023	-	**4,023**	4,094
Events	3	-	**3**	159
Membership subscriptions	61	-	**61**	153
Sundry income	-	-	**-**	7
	4,087	**-**	**4,087**	**4,413**

Prior year income from charitable activities

	Unrestricted	Restricted	2019 Total £'000
Publications	4,094	-	4,094
Events	159	-	159
Membership subscriptions	153	-	153
Sundry income	7	-	7
	4,413	**-**	**4,413**

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

7.2 Income from investments

	2020 Total £'000	2019 Total £'000
Dividend income	**151**	179
Investment property rental	**204**	205
Bank deposit interest	**10**	13
	365	**397**

7.3 Analysis of expenditure

	Grants costs £'000	Other direct costs £'000	Support and governance costs £'000	2020 Total £'000	2019 Total £'000
Raising funds:					
Investment management costs	-	22	-	**22**	32
Charitable activities:					
Publications	-	1,232	255	**1,487**	1,717
Events	-	291	164	**455**	816
Engagement	177	815	452	**1,444**	1,932
Other	-	92	87	**179**	191
	177	**2,452**	**958**	**3,587**	**4,688**

Prior year analysis of expenditure

	Grants costs £'000	Other direct costs £'000	Support and governance costs £'000	2019 Total £'000
Raising funds:				
Investment management costs	-	32	-	32
Charitable activities:				
Publications	-	1,433	284	1,717
Events	1	625	190	816
Engagement	472	958	502	1,932
Other	-	93	98	191
	473	**3,141**	**1,074**	**4,688**

Charitable expenditure was £3,565,000 (2019: £4,655,000) of which £3,535,000 was unrestricted (2019: £4,641,000) and £30,000 was restricted (2019: £14,000).

7 Notes to the financial statement

For the year ended 31 December 2020

7.4 Analysis of support and governance costs

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

	General support £'000	Governance function £'000	2020 Total £'000	2019 Total £'000	Basis of apportionment
Staff costs	173	146	**319**	347	Allocated on time
Employee-related costs	50	7	**57**	62	Allocated on time
Premises – office	131	19	**150**	180	Allocated on time
Technology	100	14	**114**	120	Allocated on time
Postage, printing and stationary	-	-	**-**	-	Allocated on time
Insurance	22	3	**25**	24	Allocated on time
Irrecoverable VAT	13	2	**15**	24	Allocated on time
Financial costs	5	1	**6**	14	Allocated on time
Depreciation	110	16	**126**	123	Allocated on time
AGM, Council and committee expenses	44	6	**50**	74	Governance
Auditors remuneration	8	1	**9**	14	Governance
Legal and professional	76	11	**87**	92	Governance
	732	**226**	**958**	**1,074**	

Prior Year analysis of support and governance costs

	General support £'000	Governance function £'000	2019 Total £'000
Staff costs	186	161	347
Employee-related costs	54	8	62
Premises – office	156	24	180
Technology	104	16	120
Postage, printing and stationary	-	-	-
Insurance	21	3	24
Irrecoverable VAT	21	3	24
Financial costs	12	2	14
Depreciation	106	17	123
AGM, Council and committee expenses	64	10	74
Auditors remuneration	12	2	14
Legal and professional	80	12	92
Academic support	-	-	-
	816	**258**	**1,074**

7.5 Analysis of grants

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

	2020 No.	2019 No.	2020 Total £'000	2019 Total £'000
Travel grants	**6**	539	**5**	258
Research grants	**9**	9	**92**	86
Summer studentships	**30**	26	**43**	38
Public engagement grants	**7**	27	**26**	37
Departmental seminar scheme	**6**	40	**3**	36
The David Jordan Teaching Awards	**3**	2	**27**	13
The Rob Clarke Awards	**-**	13	**-**	4
Carer's Grants	**-**	3	**-**	1
Grants written back in year	**(23)**	-	**(18)**	-
	38	659	**178**	473

7 Notes to the financial statement

For the year ended 31 December 2020

7.6 Staff costs

	2020 Total £'000	2019 Total £'000
Gross wages and salaries	**1,108**	1,145
Social security costs	**118**	113
Pension costs	**111**	111
	1,337	1,369

Included in the above were sums relating to redundancy or termination payments totalling £nil (2019: £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 £536,000 (2019: £591,000).

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

	2020 Number	2019 Number
CEO	**1.0**	1.0
Scientific programmes	**9.4**	10.0
Operations	**4.6**	4.7
Professional development & engagement	**3.0**	4.9
Policy & communications	**7.4**	6.0
	25.4	26.6

Emoluments of employees

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

	2020 Number	2019 Number
£60,001 – £70,000	**1**	1
£70,001 – £80,000	**-**	1
£80,001 – £90,000	**1**	1
£110,001 – £120,000	**-**	1
£120,001 – £130,000	**1**	-
	3	4

The total pension contributions for the above higher paid staff were £28,780 (2019: £34,790).

7 Notes to the financial statement

For the year ended 31 December 2020

7.7 Related party transactions

All Trustees are Members of The Physiological Society. The Trustees received no remuneration in respect of their services to The Society but certain host departments received academic support amounting to £38,000 (2019: £38,000) and Trustees (12 in total) incurred expenses totalling £14,000 (2019: 17, £27,000).

Academic support

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

Trustee	Institution	2020 £'000	2019 £'000
D Baines	St George's, University of London	**3**	3
S Deuchars	University of Leeds	**7**	7
L Donaldson	University of Nottingham	**-**	-
D Eisner	University of Manchester	**-**	-
S Hall	University of Cardiff	**-**	-
B Lumb	University of Bristol	**14**	14
F Sengpiel	University of Cardiff	**7**	7
R Tribe	King's College London	**-**	-
D Paterson	University of Oxford	**7**	7
		38	38

Editorial Support

During the year, payments totalling £125,022 (2019: £116,750) were made to senior journal editors in respect of honoraria and institutional editorial support.

Travel Grants

No Travel grants were awarded to trustees in the year (2019: 3)

7.8 Tangible fixed assets

	Freehold Property £'000	Freehold Improvements £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost:				
At 1 January 2020	1,961	467	400	**2,828**
Additions	-	-	5	**5**
Disposals	(24)	-	-	**(24)**
At 31 December 2020	**1,937**	**467**	**405**	**2,809**
Accumulated depreciation:				
At 1 January 2020	278	220	282	**780**
Charge for the year	40	31	52	**123**
Disposals	(20)	-	-	**(20)**
At 31 December 2020	**298**	**251**	**334**	**883**
Net book value at 31 December 2020	**1,639**	**216**	**71**	**1,926**
Net book value at 31 December 2019	**1,683**	**247**	**118**	**2,048**

7.9 Investment Properties

	2020 Total £'000	2019 Total £'000
Fair value at the start of the year	**3,414**	3,600
Transfer from Tangible Fixed Assets	**-**	-
Revaluation during the year	**(514)**	(186)
Fair value at the end of the year	**2,900**	**3,414**

The trustees requested a desktop revaluation (by Charlie Browne (Daniel Watney LLP)) in March 2021 and we have adjusted the balance to reflect this.

7 Notes to the financial statement

For the year ended 31 December 2020

7.10 Investments

	2020 Total £'000	2019 Total £'000
Analysis of investments at 31 December by category of holding		
Listed investments	**9,257**	8,598
Cash held as part of the portfolio	**267**	1,359
	9,524	**9,957**
Analysis of investments at 31 December by location		
Investments held in the UK	**3,319**	5,334
Investments held outside the UK	**6,205**	4,623
	9,524	**9,957**
Analysis of movements in investments		
Valuation at 1 January 2020	**8,598**	7,628
Additions	**2,340**	758
Market value of disposals in the year (proceeds: £3,157,000 (2019: £760,000))	**(2,050)**	(710)
Net unrealised gains	**369**	922
Valuation at 31 December 2020	**9,257**	**8,598**
Historic cost at the year end	**7,735**	**8,536**

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

7.11 Debtors

	2020 Total £'000	2019 Total £'000
Trade debtors	**4**	2
Other debtors	**155**	134
Prepayments	**241**	158
Accrued income	**58**	74
	458	**368**

7.12 Creditors

	2020 Total £'000	2019 Total £'000
Trade creditors	**222**	186
Other taxes and social security costs	**565**	578
Other creditors	**68**	75
Accruals	**172**	76
Deferred income	**3,080**	3,006
	4,107	**3,921**

7.13 Deferred income

	2020 Total £'000	2019 Total £'000
At January 2020	**3,006**	3,106
Amount released in the year	**(3,006)**	(3,106)
Amount deferred in the year	**3,080**	3,006
At 31 December 2020	**3,080**	**3,006**

7 Notes to the financial statement

For the year ended 31 December 2020

7.14 Movement in funds

	Opening balance £'000	Income £'000	Expenditure £'000	Net gains £'000	Transfers £'000	Closing balance £'000
Unrestricted funds						
General funds	**2,878**	4,452	(3,432)	464	(865)	**3,497**
Designated funds	**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**
Total unrestricted funds	**15,550**	**4,452**	**(3,557)**	**(50)**	**-**	**16,395**
Restricted funds						
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**
Total restricted funds	**127**	**-**	**(30)**	**-**	**-**	**97**
Total funds	**15,677**	**4,452**	**(3,587)**	**(50)**	**-**	**16,492**

Prior Year Movement in Funds

	Opening balance £'000	Income £'000	Expenditure £'000	Net gains £'000	Closing balance £'000
Unrestricted funds					
General funds	**14,618**	4,809	(4,673)	786	**2,878**
Designated funds	**10**	-	-	-	**12,672**
Total unrestricted funds	**14,628**	**4,809**	**(4,673)**	**786**	**15,550**
Restricted funds					
Bayliss and Starling Society fund	**42**	-	-	-	**42**
David Jordan international teaching fellowship fund	**19**	-	(13)	-	**6**
Paton prize bursary fund	**20**	-	(1)	-	**19**
Inclusion and Diversity fund	**44**	-	-	-	**44**
Other restricted funds:	**16**	-	-	-	**16**
Total restricted funds	**141**	**-**	**(14)**	**-**	**127**
Total funds	**14,769**	**4,809**	**(4,687)**	**786**	**15,677**

7 Notes to the financial statement

For the year ended 31 December 2020

Designated Funds

The Society has designated a HHH Property Fund (£4,823,000) 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 90% 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 (£5.6m) 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 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.

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 that The Society did not allocate funds from the Strategic Investment Fund to finance new activities. However, during quarter four of 2021, as part of the charity's planning cycle, the Trustees will be holding a leadership summit which will set out how this fund will be utilised in the longer term.

The Society has 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 restrictions lift and 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 on page 5 of the Trustee Annual Report.

The Society's Support and Inclusion Fund has been established to support individuals that have contributed (or may contribute in future) to the advancement of physiology, and/or their dependants. It was established in 2018 after The Society was gifted the net assets, totalling £44,000, of The Benevolent Fund of The Physiological Society. The remit of this fund is:

•To promote diversity and inclusivity in activities aligned with The Society's objectives or,

•To support those who are in necessitous circumstances.

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

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.

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.

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

	2020 £'000	2019 £'000
Net movement in funds	**815**	908
(gains)/losses on investments	**(464)**	(972)
Losses/(gains) on Investment Property Revaluation	**514**	186
Depreciation charges	**122**	122
(Loss)/profit on disposal of fixed assets	**4**	-
Decrease/(increase) in debtors	**(90)**	411
(Decrease)/increase in creditors	**186**	(80)
Dividends and interest	**(365)**	(397)
Net cash used in operating activities	**722**	178

7.16 Analysis of cash and cash equivalents

	2020 £'000	2019 £'000
Cash in hand	**5,791**	3,811
	5,791	**3,811**

7 Notes to the financial statement

For the year ended 31 December 2020

7.17 Comparative SOFA

	Unrestricted funds £'000	Restricted funds £'000	2019 Total £'000
Income from:			
Donations	-	-	**-**
Charitable activities	4,413	-	**4,413**
Investments	397	-	**397**
Other trading activities	-	-	**-**
Total	**4,810**	**-**	**4,810**
Expenditure on:			
Raising funds:			
Investment management costs	32	-	**32**
Charitable activities:			**-**
Publications	1,717	-	**1,717**
Events	815	1	**816**
Engagement	1,919	13	**1,932**
Other	191	-	**191**
Total	**4,674**	**14**	**4,688**
Net expenditure before gains on investments	**136**	**(14)**	**122**
Net gains on investments	972		**972**
Gains on revaluation of investement property	(186)	-	**(186)**
Net movement in funds	**922**	**(14)**	**908**
Reconciliation of funds:			
Fund balances as at 1 January 2019	14,628	141	**14,769**
Fund balances as at 31 December 2019	**15,550**	**127**	**15,677**

8 Standing information

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

Trustees
David Attwell (from November 2020)
Deborah Baines
Daniel Brayson (from November 2020)
John Cripps
Sue Deuchars
Federico Formenti (until November 2020)
Lucy Green (from November 2020)
Charlotte Haigh
Sarah Hall (until November 2020)
Raheela Khan
Graham McGeown (until November 2020)
David Paterson
Frank Sengpiel
Elizabeth Sheader
Matt Taylor
Stefan Trapp

Key management personnel
Dariel Burdass, Chief Executive
Sally Howells, Publisher
Andrew Mackenzie, Head of Policy and Communications
Liam McKay, Head of Operations
Simon Rallison, Director of Scientific Programmes
Chrissy Stokes, Head of Professional Development and Engagement
Casey Early, Chief Operating Officer (until January 2020)

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

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

Auditors
Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG until November 2020
Buzzacott LLP, 130 Wood Street, London, EC2V 6DL from November 2020

Investment fund managers
Cazenove Capital Management Limited, 12 Moorgate, London EC2R 6DA

