

Trustees' Annual Report and Accounts

for year ended 31 December 2020

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www.physoc.org

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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 your continued support.

David Paterson. 

David Paterson **Daniel 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.

Annual Report and Accounts

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	<p>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.</p> <p>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.</p> <p>Both JP and EP appointed new Editors in China. Board appointments have also been made in currently under-represented countries including Germany and Hungary.</p>	<p>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.</p> <p>Improved quality of submissions from these countries.</p>
2. Developing the brands	<p>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.</p> <p>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.</p> <p>EP introduced a new feature, EPicks.</p>	<p>We hosted nine VJC webinars in 2020 (and already have our calendar full for 2021) and had a good number of attendees participating in discussions.</p> <p>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.</p> <p>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.</p>

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.	<p>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.</p> <p>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</p>
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.	<p>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.</p> <ul style="list-style-type: none"> • 77 were members of The Society • 123 were from NHS Trusts or Hospitals • 153 were other clinical colleagues, researchers etc. <p>From the survey that 77 people responded to 58% of people said they attended as it was online, convenient and accessible.</p> <ul style="list-style-type: none"> • 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 <p>A number of speakers have accepted invitations to write a review for JP or JP</p>
3. Coordinate with The Society’s other activities	The Events team worked with <i>The Journal of Physiology</i> 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.	<p>‘excellent’ and all said they would recommend the club to a colleague, collaborator, or peer.</p> <p>We also hosted ‘Variability: How to Deal with It, Interpret It, and Learn from It’ where the attendance was 231.</p>
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	<p>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.</p> <p>Throughout the pandemic The Society ran three programmes of professional development and support webinars that were co-created with members.</p>	<p>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.</p> <p>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.</p>

Objective	Activities	Performance/impact
2. Increasing the number of young people choosing to study physiology-based courses through traditional routes and emerging educational options.	<p>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.</p> <p>In 2020, The Society launched a competition aimed to increase the take up of higher education in physiology called "Aspiring Black Physiologists".</p>	<p>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.</p> <p>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.</p>
3. Developing a policy and funding environment favourable to physiology	<p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
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	<p>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.</p>	<p>Our public information videos were watched by 820,000 people, with the COVID-19 Hub on our website visited by almost 50,000 people.</p>

Objective	Activities	Performance/impact
5. Future Plans – 2021 and beyond	<p>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.</p> <p>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.</p>	

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	<p>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.</p> <p>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.</p> <p>The Society continued to invest in staff specific learning and development programmes.</p> <p>Alongside the training and to support team building and bonding, we also held a virtual away day and social team building events.</p> <p>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.</p> <p>In 2019 the Finance Committee at their noted that The Society had been with the</p>	<p>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.</p> <p>Feedback has shown staff have continued to feel developed, supported, and included with our training and team building programmes.</p> <p>The Society will conduct its first audit with new auditor Buzzacott in 2021.</p>

Objective	Activities	Performance/impact
	<p>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.</p> <ul style="list-style-type: none"> • 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. <p>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.</p>	
2. Developing a high-performance Board	<p>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).</p>	<p>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.</p>
3. Improving inclusion	<p>The Society established a Diversity and Inclusion Task Force in 2020.</p>	<p>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</p>

Objective	Activities	Performance/impact
	<p>The Society is building an evidence base for action towards increasing diversity and equality of opportunity.</p> <p>The Society launched a competition entitled “Aspiring Black Physiologists” to encourage 16-18 year old Black students to consider a career in physiology.</p>	<p>inclusion are embedded across all activities and reports regularly to the Board.</p> <p>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.</p> <p>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.</p>
4. Future plans – 2021 and beyond	<p>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 be made to the Board via our Finance Committee during 2021.</p> <p>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.</p> <p>Competencies and training: 2021 will see a review of our competency framework. The competency indicators will be differentiated to reflect roles and responsibilities. They will be better able to help identify where more focused training is required.</p> <p>Alongside this development the Behavioural descriptors are now broader but continue to underpin The Society’s values.</p> <p>The Core/Essential Behavioural descriptors are:</p>	

Objective	Activities	Performance/impact
	<ul style="list-style-type: none"> • Fostering Teamwork • Effective Communication • Personal awareness • Personal effectiveness • Problem solving • Job knowledge <p>The SMT specific Behavioural descriptors are:</p> <ul style="list-style-type: none"> • 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:					
<i>Raising funds:</i>					
Investment management costs		22	-	22	32
<i>Charitable activities:</i>					
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
<i>Reconciliation of funds:</i>					
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
<i>Raising funds:</i>					
Investment management costs	-	22	-	22	32
<i>Charitable activities:</i>					
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
<i>Raising funds:</i>				
Investment management costs	-	32	-	32
<i>Charitable activities:</i>				
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 dependants, 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:			
<i>Raising funds:</i>			
Investment management costs	32	-	32
<i>Charitable activities:</i>			
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 investment property	(186)	-	(186)
Net movement in funds	922	(14)	908
<i>Reconciliation of funds:</i>			
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

Daniel 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

