

Trustees' Annual Report and Accounts

for year ended 31 December 2022

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1 Introduction from President and Chief Executive

Enhancing the visibility of physiology in an inclusive and sustainable manner

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

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

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

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

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

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

The Society's publishing plays a significant role in our mission through the dissemination of leading-edge research. We have continued to ensure our journals remain flagships for physiology, where any researcher is proud to publish. We use the surplus from our international publishing operation to support our community of

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

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

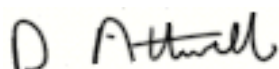
In December we were delighted to welcome 150 physiologists, research leaders, funders and policy makers to our Member Forum and President's Lecture. Sir Patrick Vallance delivered the 2022 President's Lecture and was awarded the President's medal. We also celebrated our Rob Clarke Awards, 2022 Fellow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

Honorary Fellowship is the highest honour that The Physiological Society presents to an individual and it recognises persons of distinction in science who have contributed to the advancement of physiology. Our 2022 Honorary Fellows were:

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

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

We thank you for your continued support.



David Attwell
President



Dariel Burdass
Chief Executive

1.1 Report of the Trustees

The Trustees are pleased to submit this report and the financial statements for the year ended 31 December 2022.

This is the Trustees' Annual Report and Accounts for the year ended 31 December 2022 for The Physiological Society ("The Society"). In preparing this report, the Trustees have complied with the Charities Act 2011, the Companies Act 2006, the Articles of Association ("Articles"), and *Accounting and Reporting by Charities: Statement of Recommended Practice* applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP – FRS 102).

The Society was incorporated by guarantee on 27 January 1937 under number 00323575. It has no share capital and is registered with the Charity Commission for England and Wales under number 211585. The liability of each Member is limited to £1.

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

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

Trustees' responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP – United Kingdom Accounting Standards and applicable law). Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of The Society and the income and expenditure for that year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statements of Recommended Practice;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain The Society's transactions and disclose with reasonable accuracy at any time the financial position of The Society and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of The Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

1.2 Financial Highlights

Our principal funding sources were from publications - £3,640,000 (2021: 3,629,000), events - £44,000 (2021: £26,000) and investments and investment property - £342,000 (2021: £326,000).

Overview of the year

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

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

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

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

While 2021, continued to be defined by our response to the pandemic with the first half of 2021 dominated by online conferences including our main meeting Physiology 2021, the second half (when restrictions were lifted) enabled The Society to work with other teams internally in running smaller Member Roadshows to explore what a return to in-person meetings could look like. During 2022 we were once again able to a full programme of in person events.

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

Investment performance

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

PWC were also appointed to assist in reviewing the Society's current investment management and assist in appointing new managers if appropriate. Following a robust process, the Board of Trustees took the decision to transfer the Society's portfolio to Rathbone Investment Management. The transfer was carried out in quarters three and four of 2021. 2022 therefore represents the first full year of the new investment managers.

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

The Society's investment policy, which takes into account the underlying investment in Hodgkin Huxley House, is to achieve long-term capital growth which can ultimately provide a significant income stream, regardless of fluctuations in our publishing income, to support key charitable activities.

The long-term investment target is inflation, as measured by Consumer Price Index (CPI), plus 4%. A composite benchmark, across three asset classes, is used in the quarterly valuations. In 2022, the managed portfolio returned a loss of 15.7 % while the inflation target (CPI + 4.0%) amounted to 15.0%. The composite benchmark returned a loss of 8.4% for the same period. The Society invests in collective investments (unit and investment trusts). This is designed to give a protective broad level of diversification across all major asset classes. Rathbone Greenbank Investments, our fund managers, have general discretion over the asset allocation and selection of investments within pre-agreed investment parameters as set out in our Investment Policy Statement and the accompanying Responsible Investment Policy.

Reserves Policy

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

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

The Society has further designated a HHH Property Fund (£4,341,000) comprising the current carrying value of The Society's freehold property in London, currently split between tangible fixed assets (held at depreciated cost) and investment property (held at market value), and as such it is not available to meet the general running costs of The Society. As well as non-property fixed assets, £0.5m has been designated to an HHH Maintenance Fund to recognise essential future spending associated with the maintenance of the freehold property.

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

The Society holds the balance of reserves to ensure it can meet its operational needs and working capital requirements (the free reserve). The free reserve aims to hold approximately six months operating costs, currently £1.9m excluding third party operating costs and grants, to provide operational cash flow. At 31 December 2022 free reserves held totalled £3.7m, however since the Balance Sheet date the growing uncertainty in the academic publication sector means there is likely to be an ongoing reduction in income and these available reserves may need to be utilised.

1.3 Charitable objects of The Society and Public Benefit

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

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

Public benefit

In reviewing The Society’s performance during the year, the Board referred to the guidance on public benefit issued by the Charity Commission. The benefits provided by The Society to realise our objects and promote the advancement of physiology are in the form of:

- the publication of scientific journals;
- the holding of meetings and conferences to disseminate advances in physiology;
- the provision of educational resources to support the understanding of, and encourage the study of, physiology;
- the provision of grants to support attendance at scientific meetings, conferences and training courses;
- the promotion of the importance of physiology and how research translates to improving human health to the public and key stakeholders including policy makers through free public lectures, resources and other outreach activities; and
- the support of our members who conduct research within the discipline.

Vision, purpose

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

Vision

Physiology flourishing

Purpose

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

Strategic aims

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

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

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

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

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

Values

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

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

1.4 Strategic aims and performance

Publications

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

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

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

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

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

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

#	Objective	Activity	Performance/impact
1	Building the community	<ul style="list-style-type: none"> We have extended representation of JP through the appointment of Regional Editors in strategically important parts of the world 	<ul style="list-style-type: none"> One of two Regional Editor positions has been filled to date, with an excellent candidate based in Japan appointed to the role. Through their appointment JP has secured a branded symposia at the Physiological Society of Japan's annual conference, helping to promote the journal brand to a South-East Asian audience.
		<ul style="list-style-type: none"> Appoint two new Senior Editors (SE) for JP in strategically important areas of research for the journal. 	<ul style="list-style-type: none"> The EiC has appointed two new SE's, one representing Omics and another Computational Modelling, both with the aim to increase content in those areas. Additionally, both of those appointments were women improving the diversity balance of the JP Board.
		<ul style="list-style-type: none"> The new EiC for EP has appointed an SE from the Scandinavian region to support growth in a high-volume, high-quality region for research in Physiology. 	<ul style="list-style-type: none"> Through the appointment of the new Scandinavian based SE, EP has secured sponsorship of a prominent Early Career Researcher (ECR) award at a Danish conference. Furthermore, this appointment improves clinical representation on the EP Board, a strong

1	Building the community Continued		area of potential growth for the journal.
		<ul style="list-style-type: none"> The JP Editorial Board Fellowship (EBF) scheme continues to engage ECRs through the appointment of early-career stage physiologists to the Board of JP under the mentorship of an SE, and the scheme continues to attract a high volume of excellent applications. 	<ul style="list-style-type: none"> In 2022 we had 32 applications for the EBF, and eight new members were appointed. Of the last cohort, four have recently been approved for “promotion” to permanent Review Editors (RE), continuing to enhance the diversity and quality of the Editorial Board. Furthermore, four of the existing planned Special Issues for JP have been organised or co-organised by an EBF, contributing to the strategy to grow submissions to the journal.
2	Developing the brands	<ul style="list-style-type: none"> In 2022 new EiCs were appointed for JP and EP. 	<ul style="list-style-type: none"> For JP, the EiC has proactively commissioned the Board to launch special issues, increasing the pipeline of invited content. For EP, the EiC has appointed a Senior Editorial Team (SET) to support a higher level of engagement from the EB, support commissioning and expand the reach of the journal.
		<ul style="list-style-type: none"> A new EiC for PR was recruited, taking up post from January 2023. 	<ul style="list-style-type: none"> The new EiC provides strong leadership for the journal on the ground in the UK and as a female appointment, improves the equity diversity and inclusion (EDI) makeup for our group of EiCs.
		<ul style="list-style-type: none"> Twitter Cards were refreshed in 2022, highlighting key content in the journals. 	<ul style="list-style-type: none"> Promotes journal brands to our social media audience.

3	Raising the bar for scientific integrity	<ul style="list-style-type: none"> In support of our commitment to open science we announced in 2022 that from January 2023 EP will be fully Open access (OA). 	<ul style="list-style-type: none"> EP can now be read by anybody, anywhere. As well as supporting our commitment to open science this also increases readership for the journal, anticipated to result in an increase in citations to the journal. There has been a dip in submissions since the flip, however this was anticipated and entirely in line with general trends across the publishing industry for a hybrid-to-OA flipped journal. Mitigation plans are in place through planned special issues and plans to improve signposting for authors to find out if they are covered by a Transformative Agreement (TA) with Wiley, which would remove the need for authors to pay article processing charges.
		<ul style="list-style-type: none"> The EiC for JP held a meeting with other prominent EiCs in the field to agree a discipline-wide standard for Rigor & Reproducibility (R&R). 	<ul style="list-style-type: none"> This should result in a cohesive approach and standardised benchmark for R&R across flagship physiology journals, providing consistency for authors.
4	Shaping Physiology	<ul style="list-style-type: none"> By holding a one-to-one meeting with every member of the JP Editorial Board, the EiC has increased the number of Special Issues in the pipeline for JP. 	<ul style="list-style-type: none"> 16 special issues have been planned and/or launched in JP. Of those: <ul style="list-style-type: none"> six are ready to publish soon; six are currently open; and four are planned to launch soon.
		<ul style="list-style-type: none"> In 2022 we visited several international conferences to promote both journals to a broad community of physiologists. 	<ul style="list-style-type: none"> These conferences offered the opportunity to build relationships within the community, invite

4	Shaping Physiology Continued	<ul style="list-style-type: none"> Sponsored symposia on behalf of both journals aiming to promote the journal brands and commission content. 	<p>submissions, and raise awareness of the journals to communities of physiologists.</p> <ul style="list-style-type: none"> In 2022 we sponsored approximately 12 international conferences on behalf of both journals resulting in a robust pipeline of invited content.
5	Future Plans – 2023 and beyond	<ul style="list-style-type: none"> Hold JP Symposium at <i>Physiology</i> 2023 (P23). 	<ul style="list-style-type: none"> Increase visibility of journal amongst members of The Society (TPS) and align journal activity more closely with conference activity for TPS.
		<ul style="list-style-type: none"> Hold quarterly meetings with the newly formed EP SET. 	<ul style="list-style-type: none"> Provide a forum for the strategic development of EP and a group to support the EiC in leading the journal.
		<ul style="list-style-type: none"> Implement new conference and symposium sponsorship strategy. 	<ul style="list-style-type: none"> Reduce expensive and unsustainable stand activity and increase delegate-only attendance at smaller, focused meetings allowing our representative(s) to strategically and directly commission content from speakers. Ensure robust key performance indicators (KPIs) and content pipeline in return for symposium sponsorship in addition to brand awareness.
		<ul style="list-style-type: none"> Continuing to look at the outcomes of the Clarke & Esposito consultation report, reviewing The Society's portfolio as a whole, and implementing recommendations. 	<ul style="list-style-type: none"> Ensure that The Society's journals are well positioned to adapt to the changing publishing landscape.
		<ul style="list-style-type: none"> Improved Communications support for The Society's journals. 	<ul style="list-style-type: none"> Ensure that the Communications team's time is effectively spent in building the journals' brands in support of the strategic goals of

			increasing high quality content for the journals.
		<ul style="list-style-type: none"> Recruit JP Editor in Chief. 	<ul style="list-style-type: none"> Appoint a well-qualified, motivated and engaged EiC to continue the positive momentum in preparing JP for an open future.

Conferences

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

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

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

The Society's strategy for 2018–2022 referred to "a prediction that rising travel costs and the advent of social-media communities would signal the end of the academic conference" but it also countered "face-to-face interaction, live presentation and the chance to visit a new city still have immense appeal". A strategic decision was taken in not offering hybrid conferences as default to ascertain demand. There has been relatively little call for hybrid or online conferences, but we continue to explore the role that these could have in The Society's conference and meeting portfolio.

#	Objective	Activity	Performance/impact
1	Be innovative in our approach to meetings	<ul style="list-style-type: none"> ▪ <i>Processing and Modulation of Sensory Signals: From the Periphery to the Cortex</i> was scheduled in London from 20 – 21 June 2022. This meeting was twice postponed from 2020 and 2021. ▪ This meeting was offered online at short notice due to rail and tube strike action which would have affected speakers and those attending. ▪ As we had previous experience in hosting meetings online, we were able to do this within five days. ▪ Due to the excellent working relationship we had with the team at the Royal College of Physicians, we also negotiated a small refund. 	<ul style="list-style-type: none"> ▪ 98% of people that had registered to attend in person attended the online meeting. ▪ 92% of people that completed the feedback survey rated the meeting as good or excellent. ▪ Feedback from <i>Processing and Modulation of Sensory Signals: From the Periphery to the Cortex</i> <ul style="list-style-type: none"> – 'This was an excellent conference, with very high standard of talks. I hope we have more meetings from The Physiological Society in this general area in the future. It was very impressive how the organisers managed to pivot to a

			professionally run online meeting at short notice.'
2	Play a leadership role in developing strategic partnerships that advance the knowledge and understanding of physiology	<ul style="list-style-type: none"> ▪ To build on the success of the 2020 online conference, <i>COVID-19: Lessons Learned from the Frontline</i>, The Society ran an online conference, <i>Long COVID: Mechanisms, Risk Factors, and Recovery</i>. ▪ Bringing together physiologists and clinicians helps them to better understand Long COVID's underlying mechanisms and identify potential therapies. ▪ Conferences Committee identified strategic partners to work with including the Intensive Care Society, Academy of Medical Sciences, Academy of Healthcare Sciences, the UK Clinical Virology network and Long COVID SOS. ▪ The conference was attended by 308 people over two days. 	<ul style="list-style-type: none"> ▪ 95% of people that completed the feedback survey rated the meeting as good or excellent. ▪ 100% of people that completed the feedback survey would recommend the meeting to a colleague or peer. ▪ Feedback from <i>Long COVID: Mechanisms, Risk Factors, and Recovery</i> <ul style="list-style-type: none"> — 'The conference covered the important topics and created a good space for discussion the clinical findings and latest research on Long Covid' — 'I enjoyed hearing the latest research, debate and ideas around Post-Covid; as a therapist it has broadened my awareness and led me to examine the evidence base further.' ▪ The speakers and organisers co-authored a review article for <i>Experimental Physiology</i> entitled <u>Long COVID: Mechanisms, Risk Factors, and Recovery</u> which was published on 22 November 2022.
3	Coordinate with The Society's other activities	<ul style="list-style-type: none"> ▪ The Events team worked across all teams on the 2022 Member Forum and President's Lecture, which was a hybrid event. 	<ul style="list-style-type: none"> ▪ These events brought together membership, professional development and engagement, communications and governance.

4	Ensure evaluation is embedded into our programmes	<ul style="list-style-type: none"> Collecting data, both quantitative and qualitative, is critical in evaluating and assessing the new style of conferences and meetings offered in The Society's portfolio of events. 	<ul style="list-style-type: none"> This is a work in progress for 2023 as we implement the new style of meetings to ensure we develop a framework to identify success and embed evaluation.
5	Introduce more audience participation	<ul style="list-style-type: none"> In the return to in-person events, our detailed risk assessments prevented or minimised audience participation, particularly questions, during sessions to minimise the spread of COVID-19. However, flash talks were used during the <i>Lungs: More than an Organ of Gas Exchange</i>. These enabled short poster pitches and allowed presenters the opportunity to connect with interested attendees during breaks. 	<ul style="list-style-type: none"> Feedback from <i>Lungs More than an Organ of Gas Exchange</i> <ul style="list-style-type: none"> 'I really liked the variety of the presentation format used throughout the day. It kept the momentum going, and the coffee breaks came at the right time.'
6	Research opportunities for new styles of meeting	<ul style="list-style-type: none"> During 2022, a detailed review of the conferences and meetings that The Society offers was initiated. Some of this work has been realised with developing an initiative where members can apply to host a two-day meeting. This work will continue in 2023. 	<ul style="list-style-type: none"> In the first call, there were nine proposals submitted which resulted in five meetings being scheduled in 2022. In the second call, there were eleven proposals submitted.
7	Agree a sustainable business model for our meetings programme	<ul style="list-style-type: none"> The two-day meetings operate in a breakeven budget while enabling communities to come together to present, participate and publish their work in Society journals. 	<ul style="list-style-type: none"> The five meetings scheduled in 2023 all have a breakeven budget with Scientific Programme Organisers applying for external funding and sponsorship to offset any potential deficit.
8	Online frees events from geographical constraints other than time zones and	<ul style="list-style-type: none"> In 2020 and much of 2021 while we couldn't meet face-to-face, there was pride in the ability of The Society to move quickly in offering conferences, meetings online together with webinars, and the Virtual Journal Club. Initially it was expected that demand would continue for online and hybrid events. This has not been the case. 	<ul style="list-style-type: none"> Review and evaluate online offerings from 2020 and 2021 to inform future plans.

	differences in access to technology.	<ul style="list-style-type: none"> ▪ Nevertheless we are reviewing what we were able to offer online, and exploring whether the technology and knowledge we have could add value to future Society activities. ▪ The 2022 Member Forum and President's Lecture was offered as a hybrid event, that is in person and also online. 	
9	Review the roles of the Theme Leads and Conferences Committee to ensure that we are using the right group to decide on programmes and content	<ul style="list-style-type: none"> ▪ The Theme Leads, Early Career Theme Leads and Conferences Committee have been pivotal in the review of Society conferences and meetings. 	<ul style="list-style-type: none"> ▪ Conferences Committee meetings and also meetings with the Theme Leads contributed qualitative feedback to conference and meetings review.

Communities: Engagement

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

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

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

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

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

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

#	Objective	Activity	Performance/impact
1	Increasing the level of engagement of our members and the number delivering engagement activities	<ul style="list-style-type: none"> The Society supported 20 Society Reps to run engagement activities in their local institution. 	<ul style="list-style-type: none"> Improved engagement with The Society with members in these institutions, and stronger connections made between the physiology community in these areas.
		<ul style="list-style-type: none"> We ran training sessions to support physiologists in applying for grants, including a 'grant review clinic' and a 'meet the funders' session with key physiology research funding organisations. We also ran sessions to support members to share their grant application experiences with each other. 	<ul style="list-style-type: none"> Our workshops gave attendees a flavour of what reviewers and funding organisations are looking for, as well as information on what to expect during grant application processes.
		<ul style="list-style-type: none"> We provided support for the teaching community with sessions to provide guidance on progressing to professorship level and how to build a case for promotion. 	<ul style="list-style-type: none"> Several of the teaching-focused members who participated in these sessions have subsequently successfully been promoted to professor, and have cited the contribution of the support to achieving this goal.
		<ul style="list-style-type: none"> We ran a number of workshops to support and improve practical skills required for physiological research, including: <ul style="list-style-type: none"> <i>Using Ultrasound Technology in Physiology Teaching</i> <i>An Introduction to Molecular Biology</i> <i>The Application of Stable Isotope Tracer Techniques in Human Physiological Research</i> 	<ul style="list-style-type: none"> These hands-on practical classes improve the quality of physiology research in the UK.
		<ul style="list-style-type: none"> The Society unveiled eight Blue plaques across the UK and Ireland to honour physiologists who have contributed to the advancement of the discipline and left a legacy 	<ul style="list-style-type: none"> The Society was represented by the President and Chief Executive Officer at each of the universities, and usually accompanied by

		beyond their lifetime. We held nine Member Roadshows.	additional Board members. The events provided an opportunity to showcase local science (past and present), visit the membership, highlight some of the benefits of membership and raise the profile of physiology on an institutional level.
2	Increasing the number of young people choosing to study physiology-based courses through traditional routes and emerging educational options.	<ul style="list-style-type: none"> We ran a Physiology Careers Showcase. This was an afternoon of career talks from physiology graduates working in different roles. Speakers in research, healthcare, and communications roles were present, and answered questions from undergraduate and master's students. 	<ul style="list-style-type: none"> Promoted the opportunities the study of physiology can provide for future careers.
3	Developing a policy and funding environment favourable to physiology	<ul style="list-style-type: none"> Regular engagement activities with key stakeholders related to our strategy to raise the profile of The Society and the issues affecting our members. Partnered with the Foundation of Science and Technology on an event with Sir Patrick Vallance focusing on the role and challenges facing human health following COP27. An assessment of where the research gaps exist in the area of climate change & health, with the publication of our report <i>Research Gaps and Policy Priorities</i> and a global summit meeting with experts in the field and funders such as Wellcome. Carried our research for our <i>Contribution of Physiology Education to the UK economy</i>, in partnership with Academy of Healthcare Sciences, with a launch in Parliament. 	<ul style="list-style-type: none"> The Society's policy team engaged with 700 stakeholders from over 350 organisations in over 200 separate interactions. Raised the profile of the contribution of physiological research to tackling climate change. The Physiological Society became a member of the UK Health Action for Climate Change group. The Society helped shape funding calls in the area of climate change & health, and a representative was invited to participate on the Wellcome Trust heat and pregnancy call funding panel. Raised the profile of physiology in parliament with over 100 physiologists across the country attending the

3	Developing a policy and funding environment favourable to physiology Continued		<p>parliamentary launch, attended by over 20 MPs. Speeches from guests including the Shadow Science Minister.</p> <ul style="list-style-type: none"> Used this work as the basis of a session we ran at the NET2022 conference (the leading conference for networking in healthcare) targeting healthcare workers as The Society seeks to improve its links with clinical communities.
		<ul style="list-style-type: none"> Responding to consultations by government and external organisations. 	<ul style="list-style-type: none"> The Society used policy report recommendations and engagement with members to respond to issues such as climate change, STEM skills, ARIA and its prioritisation, health inequalities, Research England's Future Research Assessment Programme (FRAP), the Science and Technology Strategy, the effectiveness of UKRI and the RDI landscape as part of the Nurse Review.
		<ul style="list-style-type: none"> Devolved administration STEM engagement 	<ul style="list-style-type: none"> Build links with national academies and organise an event with the Royal Society of Edinburgh in the Scottish Parliament in 2023, the first parliamentary event The Society has undertaken in Scotland.
		<ul style="list-style-type: none"> UKRI/BBSRC animal models survey launch 	<ul style="list-style-type: none"> Continue to foster links with BBSRC and UKRI and seek to inform and influence their position on sex differences in animal trials and its

			impact on researchers' commitments to the NC3Rs.
4	Increasing the understanding of physiology among our target audience and increase the visibility of physiological research in the media – in particular, the importance of physiology to lifelong health	<ul style="list-style-type: none"> Ran a roundtable with members and the Royal Irish Academy in Dublin to discuss issues related to research funding policy in Ireland. 	<ul style="list-style-type: none"> Engagement with the Royal Irish Academy and support for our Oireachtas event in 2023. Building The Society's policy profile in Ireland and engaging with current and potential members to expand our membership offering to Irish members.
		<ul style="list-style-type: none"> Production and launch of our <i>Ageing Workforce Strategy</i> report into the impact of healthy ageing on the labour force, in partnership with think tank Demos and charity Centre for Ageing Better. 	<ul style="list-style-type: none"> Advanced The Society's healthy ageing strand of activity. Built Society networks with political stakeholders – Lord Bethell chaired a subsequent roundtable with engagement from the Department for Work and Pensions on the role of older workers in addressing economic inactivity. Report referenced as part of discussions in the 2023 UK Budget on economic inactivity.

1.5 Structure, governance and management

Board of Trustees

We are governed by our Board of Trustees, members of which are elected or appointed in accordance with our Articles of Association and Regulations. The Trustees are ultimately responsible for the overall strategy, governance, management and Board policies of The Society, ensuring that the charitable objects for which it has been set up are met. The Trustees are also the Directors of the company. The Board meets four times a year. The normal length of service on the Board is four years. The current size of the Board is thirteen, including two Independent Trustees and an Early Career Trustee. Board meetings are chaired by the President. From 2021 the General Trustees shall always include in their number one-person resident in the Republic of Ireland. Its full composition is detailed on page 47 of this report.

Trustee induction and training

On appointment new Trustees are provided with an induction pack – recently updated to be more comprehensive – which includes various information and resources such as the Charity Commission leaflet CC3, the governing documents and Board policies. They are also required to sign a Trustee Code of Conduct agreement and complete a Conflicts of Interest declaration survey. Trustees attend introductory meetings with each member of the Senior Management Team to familiarise themselves with The Society's activities, strategy, and priorities. In addition, all Trustees are encouraged to attend training courses, for example, those targeted for Trustees run by the Civil Society.

Governance structure

It is the Board of Trustees' collective responsibility to set the strategy to deliver The Society's charitable objects and to ensure the effective governance of the charity. The Board then in turn delegates details of the governance oversight and delivery of the strategy to a series of committees and smaller groups which report back to the Board quarterly. The four advisory committees are Conferences, Publications, Communities, and Policy. The three governance committees are Finance, Nominations, and Remuneration.

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

Management and administration

The Society operates out of Hodgkin Huxley House, which was acquired in 2012. The Chief Executive is the senior executive of The Society appointed by the Board and is accountable to the Board through the Chair. The Board has delegated day-to-day responsibility for the operational decisions and administration of The Society to the Chief Executive to manage The Society's activities for optimal performance, including the plans, setting balanced budgets, property and staffing and other resources of The Society in accordance with the strategic and budgetary parameters and risk management strategy. All decisions, apart from those delegated to the Chief Executive as set out in the Delegated Authority Framework, are made by the Board. Anything outside the approved Strategic Framework or Budget must be approved by the Board. For the efficient and effective management and proper operation of The Society, the Chief Executive delegates at their discretion a number of their responsibilities to the Senior Management Team (SMT) and other employees. This further delegation of responsibilities does not release the Chief Executive from the overall responsibility which has been delegated to them by the Board.

Key management personnel remuneration

The key management personnel of The Society comprise the Board of Trustees, the Chief Executive and all other members of the SMT in charge of directing and controlling The Society and running and operating The Society on a day-to-day basis. All Trustees give of their time freely, and no Trustee remuneration was paid in the year. Details of all Trustee expenses and related party transactions are disclosed in Note 7.6 to the accounts.

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

The pay of the Chief Executive is reviewed annually by the Remuneration Committee, and normally increased in accordance with average earnings to reflect a cost-of-living adjustment. In view of the nature of The Society, the remuneration is also benchmarked against similar membership organisations in the sector and the relevant location, or with reference to sector reports to ensure that the remuneration set is fair and not out of line with

that generally paid for similar roles. While the Chief Executive is responsible for determining staff salaries, within the approved salary budget set by the Board, the provision of such information could be required for due diligence purposes.

Member Forum

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

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

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

Principal risks and uncertainties

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

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

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

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

Diversity & Inclusion

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

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

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

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

Four-point plan

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

Sustainability

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

The Guiding Principles of the policy are set out below:

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

With focus on the following primary areas:

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

- Finance
- Social responsibility

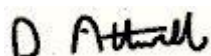
The Sustainability Policy can be accessed [here](#).

Volunteers

We could not achieve our charitable objectives without the commitment and hard work of our volunteers, both members and non-members, many of whom give freely of their time to act as journal editors, committee members, grant reviewers and volunteers to support our events and activities. The Trustees wish to thank all those who have supported The Society over the last year.

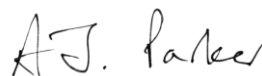
1.6 Signing of report

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



David Attwell

President



Andrew Parker

Honorary Treasurer

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

Opinion

We have audited the financial statements of The Physiological Society for the year ended 31 December 2022 which comprise the statement of financial activities, the balance sheets, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of the charitable company's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Trustee's Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the charity and the sector in which it operates. We determined that the following laws and regulations were most significant: Accounting

and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

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

We did not identify any irregularities, including fraud.

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

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

03 August 2023

3 Statement of financial activities

For the year ended 31 December 2022

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

All the above results are derived from continuing activities. All gains and losses in the year are included above; accordingly, a statement of total realised gains and losses and not been prepared. The accounting policies on page 32 to 34 and the notes on pages 35 to 46 form part of these accounts.

4 Balance sheet (Company Number: 00323575)

As at 31 December 2022

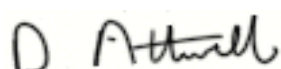
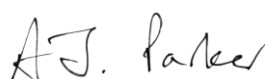
	Note	Unrestricted funds £'000	Restricted funds £'000	2022 Total £'000	2021 Total £'000
Fixed assets					
Tangible assets	7.8	1,746	-	1,746	1,811
Investment Property	7.9	2,560	-	2,560	2,900
Investments	7.10	9,980	-	9,980	11,620
		14,286	-	14,286	16,331
Current assets					
Debtors	7.11	3,233	-	3,233	148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

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

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

David Attwell

Andrew Parker

President

Honorary Treasurer

5 Statement of cash flows

For the year ended 31 December 2022

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

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

6 Accounting policies

For the year ended 31 December 2022

Basis of preparation of accounts

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), second edition of the Charities SORP (published October 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The Physiological Society meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

Given the level of free reserves available at the year end and its publishing contract with John Wiley & Sons Limited, and after considering future I&E and cashflow forecasts, the Trustees consider that The Society has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis. The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements and have considered the impact of the coronavirus pandemic on the charity's operations. In particular the Trustees have considered the charities forecasts and projections and have taken account of pressures on publishing and investment income. After making enquiries the Trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

Judgements and estimates

Judgements made by the Trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the valuation of both listed investments (7.10) and investment properties (Note 7.9) and are discussed below.

Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the charitable objects of The Society. Restricted income funds are funds subject to specific restrictions imposed by donors or by the purpose of the appeal, as per Note 7.14.

Income

All income is recognised once The Society has entitlement to income, it is probable that income will be received, and the amount of income receivable can be measured reliably. This applies to income from investments, publishing, events, membership subscriptions and other income, which are all recognised on a receivable basis. Income received in advance, such as membership and publication income, is deferred on the balance sheet to future periods.

Expenditure

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any irrecoverable VAT, and is reported as part of the expenditure to which it relates. Raising funds consist of investment management fees and certain legal and professional fees. Charitable expenditure comprises those costs incurred by The Society in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly

to such activities and those costs of an indirect nature necessary to support them. Governance costs include those costs associated with meeting the constitutional and statutory requirements of The Society. These costs include the audit and legal fees, costs linked to the strategic management of The Society together with an apportionment of overhead and support costs. Governance costs are included within support costs, apportioned. All costs are allocated between the expenditure categories of the accounts on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on the basis of time spent.

Grants payable

Expenditure on grants is recorded once The Society has made an unconditional commitment to pay the grant and this is communicated to the beneficiary or the grant has been paid, whichever is the earlier. The Society has not made any grant commitments of more than one year. Fixed assets Tangible fixed assets are stated at cost less accumulated depreciation. Minor additions to fixed assets, defined as those costing less than £2,000 each, are expensed in the year in which the cost is incurred. Depreciation is provided to write off the cost of assets by equal monthly instalments over their estimated useful lives as follows:

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

Investment Property

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

Listed investments

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

Realised gains and losses

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

Debtors

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

Cash & cash equivalents

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

Creditors and provisions

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

Employee short term benefits

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

Employee termination benefits

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

Pensions

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

7 Notes to the financial statements

For the year ended 31 December 2022

7.1 Income from charitable activities

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

Prior year income from charitable activities

	Unrestricted	Restricted	2021 Total £'000
Publications	3,629	-	3,629
Events	26	-	26
Membership subscriptions	149	-	149
	<u>3,804</u>	<u>-</u>	<u>3,804</u>

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

7.2 Income from investments

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

Notes to the financial statements (cont.)

For the year ended 31 December 2022

7.3 Analysis of expenditure

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

Prior year Analysis of expenditure

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

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

Notes to the financial statements (cont.)

For the year ended 31 December 2022

7.4 Analysis of support and governance costs

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

	General support £'000	Governance Support £'000	2022 Total £'000	2021 Total £'000	Basis of apportionment
Staff costs	94	170	264	263	Allocated on time
Employee-related costs	63	10	73	41	Allocated on time
Premises – office	171	28	199	153	Allocated on time
Technology	100	16	116	120	Allocated on time
Insurance	23	4	27	25	Allocated on time
Irrecoverable VAT	10	2	12	8	Allocated on time
Financial costs	6	1	7	7	Allocated on time
Depreciation	73	12	85	116	Allocated on time
AGM, Council and committee expenses	68	11	79	57	Governance
Auditors remuneration	9	2	11	9	Governance
Legal and professional	105	17	122	134	Governance
TOTAL	722	273	995	933	

Prior year analysis of support and governance costs

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

Notes to the financial statements (cont.)

For the year ended 31 December 2022

7.5 Analysis of grants

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

7.6 Staff costs

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

Included in the above were sums relating to redundancy or termination payments totalling £Nil (2021: £10,791). There were no unpaid sums at the year end.

The key management personnel of The Society comprises the Board of Trustees, the Chief Executive and all other members of the Senior Management Team. Trustees received no remuneration in respect of their services to The Society. The total employment benefits including employer pension contributions of the key management personnel were £506,701 (2021: £547,545).

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

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

Notes to the financial statements (cont.)

For the year ended 31 December 2022

Emoluments of employees

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

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

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

7.7 Related party transactions

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

Academic support

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

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

Editorial support

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

Travel Grants

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

Notes to the financial statements (cont.)

For the year ended 31 December 2022

7.8 Tangible fixed assets

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

7.9 Investment properties

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

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

Notes to the financial statements (cont.)

For the year ended 31 December 2022

7.10 Investments

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

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

7.11 Debtors

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

7.12 Creditors

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

Notes to the financial statements (cont.)

For the year ended 31 December 2022

7.13 Deferred income

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

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

7.14 Movement in funds

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

Notes to the financial statements (cont.)

For the year ended 31 December 2022

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

Prior Year Movement in funds

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

Notes to the financial statements (cont.)

For the year ended 31 December 2022

Designated funds

The Society has designated a HHH Property Fund (£4,341,000) comprising the carrying value of The Society's freehold property in London, currently split between tangible fixed assets (held at depreciated cost) and investment property (held at market value), and as such it is not available to meet the general running costs of The Society.

As well as non-property fixed assets, £0.501m has been designated to a HHH Maintenance Fund to recognise essential future spending associated with the maintenance of the freehold property.

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

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

Restricted funds

In 2014, The Society received assets from the Bayliss and Starling totalling £147,000 of which £50,000 was restricted to the Bayliss–Starling Prize Lecture and Focussed Symposium Grant, for the period of ten years from 2016.

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

In 2018, The Society was gifted the net assets, totalling £44,000, of The Benevolent Fund of The Physiological Society. This donation has been allocated to a restricted Inclusion and Diversity fund and will support individuals that have contributed to the advancement of physiology, and/or their dependents, either by promoting diversity and inclusivity in activities aligned with The Society's objectives or supporting those who are in necessitous circumstances. The balance on the fund at 31 December 2022 is £9,000.

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

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

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

Notes to the financial statements (cont.)

For the year ended 31 December 2022

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

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

7.16 Analysis of cash and cash equivalents

	2022 Total £'000	2021 Total £'000
Cash in hand	1,512	5,164
	<u>1,512</u>	<u>5,164</u>

Notes to the financial statements (cont.)

For the year ended 31 December 2022

7.17 Comparative SoFA per FRS 102

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

8 Standing information

Registered Office

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

Trustees

David Attwell

Daniel Brayson

John Cripps

Heidi de Wet

Annette Dolphin (from December 2022)

Lucy Green

Catherine Hall

Áine Kelly

Raheela Khan (stepped down December 2022)

Nephtali Marina Gonzalez (from December 2022)

Paul McLoughlin

Hugh Montgomery (from December 2022)

Andrew Parker (from December 2022)

David Paterson (stepped down December 2022)

Frank Sengpiel (stepped down December 2022)

Matt Taylor (stepped down December 2022)

Mike Tipton

Key management personnel

Daniel Burdass, Chief Executive

Sally Howells, Publisher (left organisation in Sept 2022)

Andrew Mackenzie, Associate Director of Strategy and External Relations

Liam McKay, Associate Director of Operations

Simon Rallison, Director of Scientific Programmes (left organisation in July 2022)

Chrissy Stokes, Head of Professional Development and Engagement (left organisation in June 2022)

Sarah Bundock Head of Events and Marketing (Joined SMT July 2022)

Bankers

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

Solicitors

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

Auditors

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

Investment fund managers

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

Company number

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