

**IOP** Institute of Physics

# **Institute of Physics**

# **Annual Report 2022**

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022**

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**Our Objectives, Purpose and Aims**

**The Institute of Physics (IOP) is the national physical society for the UK and Ireland. The objective of the IOP, as stated in its Royal Charter, is to promote the advancement and dissemination of a knowledge of, and education in, the science of physics, pure and applied, for the benefit of the public and the members of the IOP.**

The trustees confirm that they have referred to the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator (OSCR)'s guidance on public benefit when reviewing the IOP's aims and objectives and in planning future activities. The IOP meets the public benefit test in the following ways:

- the advancement of education;
- the advancement of science;
- the advancement of community development; and
- the promotion of equality and diversity.

The IOP works to advance physics research, application and education, and engages with policymakers and the public, to develop awareness and an understanding of physics.

We undertake many activities to further our purposes for the public benefit, including:

- our support for learners, teachers and curriculum development, in order to support universal access to quality learning pathways – academic and technical;
- continued improvements in the quality of physics teaching in schools and colleges;
- our focus on building a more diverse, inclusive and vibrant physics community. We actively seek to encourage students from under-represented groups to study physics beyond the age of 16, and work relentlessly to break down barriers so all pupils can have a high-quality physics education;
- our publication of journals, books, conference proceedings and science news to bring high-quality physical science research to a wide audience, ensuring the latest research developments are seen, shared and built upon. IOP Publishing Limited (IOPP) is committed to making universal access to scientific research a reality, supporting greater access, transparency and inclusivity across the physical sciences;
- our efforts to connect physicists working in all sectors, to drive innovation and support the delivery of ground-breaking technologies that will help shape the economies of the UK and Ireland;
- our work to raise public awareness of the value of physics. By showing how physics affects all of our lives, we spark interest in the subject and encourage more people to get involved in it;
- our events and conferences, which support a thriving physics ecosystem, bringing together the community from across the UK, Ireland and internationally, to share knowledge about the discipline and its applications, explore collaborations and provide networking opportunities; and
- our work to continually increase professional and ethical standards across the physics community, driving excellence and supporting inclusive workplaces.

## Institute of Physics

### Trustees' Annual Report and Financial Statements for the year ended 31 December 2022

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## Our Strategy: Unlocking the Future

Our strategy identifies three key challenges that present the greatest barriers to unlocking the potential of physics and its impact in society:

### Diversity and skills

We want to build a thriving, diverse physics community so everyone, regardless of background, has access to world-class physics education and training.

### Unlocking capability

We want to ensure the UK and Ireland are able to realise the full societal and economic benefits of the new industrial era.

### Public dialogue

We want to show the impact of physics on people's lives, to enable informed public debate on funding and policy.

To meet these challenges, we have **six aspirations** for the changed world we want to see at the end of the strategy period. This is a broad and ambitious strategy and our aspirations are also ambitious.

1. Every secondary school pupil in the UK and Ireland will have access to a specialist physics teacher.
2. Girls will make up at least 30% of those taking physics at age 16–19 and there will be double the current number of young people from black and minority ethnic and lower socio-economic backgrounds.
3. There will be clear roadmaps and funding commitments from the UK and Irish Governments that propel research and development investment towards the Organisation for Economic Co-operation and Development average of 2.4% of gross domestic product.
4. Double the current number of people will be employed in technical roles in physics based and engineering businesses and the number of those on physics-based science apprenticeships will have increased by a factor of 100.
5. Our publishing services to the worldwide physics community will have further improved such that the number of scientists publishing their research in our journals will grow by 25%.
6. 10% of the population will have a meaningful engagement with a physics based public event and 1% will have sustained contact with physics.

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**Our Activities, Achievements and Performance****Supporting our members**

There are more than 21,000 IOP members, ranging from undergraduates to globally recognised specialists. Our role is to support, inspire and engage with members at every level.

In 2022, that included launching our new Professional Registration Adviser service. Our seven professional registrations – RSciTech, EngTech, RSci, IEng, CSci, CEng and CPhys – provide highly regarded, peer-reviewed recognition of scientists' and engineers' skills. The new adviser service means members who are seeking registration but do not have access to a mentoring programme or structured support can now get advice from expert members to aid their progression.

We also completed assessments of IOP-accredited degree programmes at Trinity College Dublin and the Universities of Birmingham, Kent, Leeds, Manchester and Oxford. And we reaccredited six training schemes at major companies, helping employees move towards accreditation. All of this work increases IOP members' knowledge, skills and potential career progression.

Also in universities, we delivered online workshops on the LaTeX and Vim scientific reporting tools, attended by 170 students. We ran the FUSE2020 forum to build collaboration between IOP-affiliated student societies. And our vice-presidents visited universities to meet and listen to members, with Professor Martin Freer spending time at Manchester Metropolitan University, and Dr Lisa Jardine-Wright leading a two-day programme for members in Liverpool that included visits to the University of Liverpool and Liverpool John Moores University.

It is vital that financial concerns do not stop people from engaging in physics. With that in mind, we offer concessionary IOP membership rates for anyone earning less than £21,500 per year. Undergraduates, trainees and apprentices are able to join the IOP for £15.

Our Benevolent Fund provides financial support for IOP members and, in 2022, was able to offer assistance to members who were financially impacted by COVID-19 and by the war in Ukraine.

As part of our commitment to support scientific research globally, researchers in many lower income countries are able to access our subscription journals, or publish in our open access journals, at a discounted rate or for no cost.

We also support our members by representing their interests to decision makers and influencers through our advocacy and campaigning work, examples of which are given in the following sections.

**Supporting young people to change the world by continuing physics beyond the age of 16**

Through our Limit Less campaign, we help young people to see there are no limits to what can be achieved through physics – or to who can take part in it. In 2022, we worked with everyone from teachers to social media influencers to get that message heard loud and clear.

With our partner, Founders4Schools, we launched the Limit Less Ambassadors scheme. 59 people with a physics background, including academics, professionals and postgraduate students, have volunteered to become ambassadors, with 19 speaking at events, reaching more than 5,000 young people in schools and communities. This is a powerful way to inspire the next generation, and makes the huge range of physics-related career options feel more achievable.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Our Activities, Achievements and Performance (continued)****Supporting young people to change the world by continuing physics beyond the age of 16 (continued)**

We also worked closely with IOP members in 2022, co-creating a guide to running physics events for families. We know parents, carers and relatives can play a vital role in challenging the stereotypes and misconceptions that make young people feel locked out of physics. The new guide helps our members run inclusive, engaging family events that bring the Limit Less campaign to life.

Our social media team also produced in-depth guidance in 2022, helping people communicate about physics effectively to diverse audiences online. And our TikTok Limit Less videos continued to achieve enormous reach, with four new 'Don't Ruin My Hair' videos – explaining the secrets of surface tension – clocking up more than 750,000 views. As well as spreading the word that physics is for everyone, the films were nominated for multiple awards, alongside global organisations including Netflix and McDonald's.

In schools, we continued to gather support for our Limit Less manifesto. This 10-step plan calls on the UK and Irish governments to take a range of actions, including mandating nurseries and schools to develop whole-school equity action plans. 70 more schools and two multi-academy trusts signed up to the manifesto in 2022. We also continued to lobby government directly, gaining commitments from policymakers in the UK and Ireland to improve the use of data related to STEM subjects and diversity and inclusion.

Meanwhile, Superheroes Unlimited introduced families to five amazing role models, based on a diverse group of real-life physicist heroes. First seen at our summer exhibition in London, they shared their stories and encouraged budding superheroes to save the world with science. In total, 2,854 people joined us in-person for Superheroes Unlimited events, and over 2,000 more checked out our resources online.

Finally, in the classroom, we received over 100 submissions from schools to our new competition, The EurekaS. The EurekaS challenged students to see physics differently by posing just one question: What is the point of physics? Winning entries included a cake shaped like a cochlear implant, as students looked at physics in a whole new light and let their imaginations run wild.

**Building a diverse, thriving and effective physics community****Learning and skills**

We saw our shift towards a greater emphasis on influencing and partnership-working to deliver impact at scale start to really bear fruit, supported by some key changes in the internal organisational structure.

Our landmark 2020 Subjects Matter report has provided a platform for us to build a coalition of like-minded bodies that have a shared vision for subject-specific professional learning and re-training for teachers, supporting teacher retention and helping close the subject specialist teacher gap. This played an important role in opening up a dialogue with the UK government Department for Education's (DfE) most senior official and ministers. Looking to the future, this will provide an invaluable platform to keep working with the UK government to tackle the biggest issues facing physics education in England. Similar top-level influencing activity linked to Subjects Matter also took place (or is planned for 2023) across the devolved nations and Ireland.

We also worked with the DfE and partners in the engineering sector to develop a pilot PGCE teacher training qualification for engineers. It is specifically designed and marketed to encourage engineering graduates to become physics teachers. The hope is that this pilot could initially result in an additional 50 new physics teachers qualifying each year, with scope to scale up.

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**Our Activities, Achievements and Performance (continued)****Learning and skills (continued)**

With data in December 2022 showing physics teacher recruitment in England at a 15-year low as part of a wider down-turn in teacher recruitment, this approach could represent a vital breakthrough. Alongside this, we were again successful in our bid to run DfE's initial teacher training scholarships in England, now including for the first time a specific focus on targeting support at areas of greatest socioeconomic disadvantage.

In addition, we have renewed our focus on physics-related technical skills and apprenticeships with the launch of a dedicated team to lead our work in this space. Early groundwork included a landmark research project (since published in early 2023) into the barriers limiting the take-up of physics-related apprenticeships across the UK and Ireland. Building on the influencing theme, this will underpin a series of national and regional summits across the UK and Ireland, complementing our close engagement with national governments and agencies on reforms such as T Levels.

**Awards**

Five technicians and one apprentice were among the 50 winners recognised in our IOP Awards and IOP Business Awards in 2022. The Awards celebrate excellence across the UK, Ireland and internationally, with winners ranging from those who have only recently started their careers to physicists known around the globe.

2022's Isaac Newton Medal and Prize winner was Professor Margaret Murnane, who was recognised for her work on ultrafast lasers and X-rays. Professor Andrea Mia Ghez and Professor Ora Entin-Wohlman were also made IOP Honorary Fellows. And companies leading the way in areas from neutron detection to breast cancer diagnosis were recognised in our Business Innovation Awards and Business Start-Up Awards.

**Events**

Our Special Interest Groups (Groups), Nations and Branches once again went to great lengths to deliver a ground-breaking programme of member-led events and activities in 2022. Our Groups alone organised 75 events across the UK and Ireland, attracting over 6,000 participants. Meanwhile, our conferences team supported over 100 events for members, held at venues across the UK and Ireland and streamed simultaneously online. This blended approach made the events more accessible than ever for members looking to attend, develop their knowledge and share pioneering research.

Highlights included Photon 22, a conference focused on optics and photonics that brought together 400 members of the physics community from eight Groups. In line with our commitment to increase accessibility, it was one of many blended events held throughout the year, with sessions available in-person and online. We were also finally able to deliver CMD-29 in Manchester, a large international conference covering all aspects of condensed matter physics that had been delayed by the pandemic. Over 650 delegates joined us from more than 40 countries, highlighting the value and attraction of international collaboration and networking.

**Policy**

In February 2022, we submitted our response to the House of Commons Science and Technology Committee Inquiry into Diversity in STEM. This called on the UK government and devolved administrations to improve data collection and transparency in STEM, implement our Limit Less campaign recommendations and take steps to reduce professional misconduct. It led to our Deputy Chief Executive, Rachel Youngman, being invited to give evidence to the committee in person. Looking forward, we will continue to use every opportunity to focus attention on this fundamental challenge.

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**Our Activities, Achievements and Performance (continued)****Unlocking the full value of physics to society and the economy**

Our work to help the UK and Ireland power the new industrial era took many forms in 2022. We showed how our economies, workforces and research and development (R&D) infrastructure must be transformed to realise the full benefits of physics to society and our economies, and we convened key stakeholders to drive forward progress on critical technologies.

We began the year by publishing our latest analysis of the economic contribution of physics in the UK and Ireland, and in England, Wales and Scotland individually. This revealed that while physics already supports nearly two million jobs across the UK and Ireland, without concerted action and investment, our economies will be unable to take full advantage of physics' potential impact on growth, prosperity and living standards.

We also published new research into physics skills in the UK and Ireland. This highlighted demand for physics at all skills levels, but also found significant unmet demand, with employers struggling to grow and innovate because of skills shortages. The study made clear the need to urgently bolster physics skills in the current and future workforce.

In combination, these studies became a powerful lobbying tool, and we played our part alongside many other organisations in convincing the UK government to maintain its vital commitment to increase R&D investment to 2.4% of GDP by 2027. In Ireland, the government also published a new science and innovation strategy, and we welcomed its renewed commitment to invest 2.5% of GNP in R&D.

This work set the foundation for our new multi-year project, 'Physics: Investing in our future'. Launched in March 2022 with an online conference and a consultation of the IOP's 21,000 members, the project led to the publication in September of the first part of our blueprint for physics R&D in the UK. Launched in Westminster, the blueprint calls for radical changes across R&D's four key pillars – discovery, business innovation, people and infrastructure. It will now inform our work with business, industry and academic partners to help bring about urgently needed reform and stop the UK being left behind. A similar project was launched in Ireland with a community consultation and a panel discussion with senior figures from the scientific, government and business communities. The first part of our blueprint for physics R&D in Ireland will be published in 2023.

**Shaping the debate to influence and drive impact**

In 2022, to complement our macro-level work, we launched new work to identify tangible, near-term opportunities to shape the debate and drive change on issues that matter for the physics community in academia and business.

We ran two successful projects which opened up opportunities for our community to shape national growth strategies for quantum and semiconductor technologies.

To inform a planned National Quantum Technologies Strategy, we involved more than 150 expert members in workshops and roundtables whose inputs were distilled into [A Vision for Quantum Technologies in the UK](#) with a 10-point plan to accelerate growth in the UK quantum sector – launched alongside UK Quantum's inaugural meeting at the IOP's London office, and highlighted at the National Quantum Technologies Showcase. This provided useful stimulus and evidence for the teams developing National Strategy, but also stimulated internal action: members in start-ups, SMEs and large businesses proposed and established a new group – quantum Business Innovation and Growth (qBIG) – to help realise the vision.

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**Our Activities, Achievements and Performance (continued)****Shaping the debate to influence and drive impact (continued)**

A new partnership with leading venture capital company Quantum Exponential saw the creation of a funded prize for start-ups successfully commercialising quantum and work with the high growth business, Orca Computing led to an innovative Annual Quantum Coding Challenge to support and inspire A level students.

We also supported government teams developing thinking on the UK approach to building a semiconductor industry via a national semiconductor strategy by convening experts to support thinking on key areas – with their central recommendation that a National Institute be established as part of a strategic national approach. In September we relayed their findings and, in December, the UK government released a large-scale tender for a feasibility study on a 'National Institution for Semiconductors'. The workshop report has now been [published](#) alongside a call to keep up the pressure on government to announce the long-awaited semiconductor strategy which received national media coverage.

**The IOP Challenge Fund**

Launched in 2021, the Challenge Fund was set up to maximise the benefits of physics to our society and economy, by supporting innovative ideas, programmes and partnerships that accelerate and sustain large-scale change. In 2022, we awarded the first initiative funding of £1.9m to [Planet Possibility](#).

Designed and run by a consortium of charities, universities and businesses, Planet Possibility is a new drive to attract young people from under-represented groups to physics. It includes a pioneering digital platform full of engaging and inspiring careers content, along with a programme of activity designed to challenge misconceptions and stereotypes.

By firing up their imaginations with the opportunities that physics presents, Planet Possibility will help a new generation of young people, and especially those from under-represented groups, unlock their full potential and seize their chance to help change the world for the better.

**Showing the impact of physics and inspiring informed public conversations**

One of the central aims of our strategy is to get people talking about physics. We want to inspire knowledgeable debate about the role of physics in areas including healthcare, climate change and cyber-security. In 2022, we kept the conversations growing with help from [superheroes](#), our podcast and physicists working in communities.

Through our Communities in Conversations project, we also sparked rich, in-depth discussions about physics in Rochdale and Cardiff last year. Over six weekly sessions, local physicists – including undergraduates, teachers and retirees – met with a small group of people locally to share ideas and discuss the role and relevance of physics. In Rochdale the group was mostly made up of women of South Asian heritage, while mainly North African women attended the Cardiff group. Both backgrounds are under-represented in the physics community, and this is one of the many ways in which we worked in 2022 to help break down barriers to inclusion in physics.

We also reopened our Limit Less Public Engagement Grant Scheme in 2022, giving grants of up to £3,000 to six organisations. Recipients included a science festival in Newtown, Wales, a 24-week children's STEM workshop series in Newcastle and RaspiKidd - a project in Perth, Scotland that teaches programming through automated gardening.

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**Our Activities, Achievements and Performance (continued)****Showing the impact of physics and inspiring informed public conversations (continued)**

Lastly, our popular Looking Glass podcast also returned in 2022. With an overall focus on climate solutions, the series explored the role of physics in fighting air pollution, protecting our soil and stopping wildfires, with an additional emphasis on interdisciplinary and diverse voices, and conversations in communities. Episodes of Looking Glass have now been downloaded over 115,000 times.

**Becoming a stronger organisation to deliver on our strategy**

As the IOP works to build a more diverse physics community, unlock the full value of physics and inspire public dialogue, we must also keep improving how we work to achieve the greatest impact. In 2022, across the IOP Group, we continued to embrace flexible working and to put inclusion and diversity at the heart of everything we do.

The Employers Network for Equality and Inclusion (enei) shortlisted us for an award in 2022 for our progressive, agile and flexible working practices. All IOP staff can now choose their hours and workplace, and this year we continued to embed the systems and processes needed to support this shift. Only 15% of IOP staff now choose to work the majority of their time in our office, but productivity measured against the goals set out in our Business Plan has not reduced and 91% of IOP staff now feel positive about their wellbeing – a significant increase over the previous 18 months and in line with rising levels of wellbeing since 2019.

We also won a Bronze Award in the enei's TIDEMark Awards for our progress on diversity and inclusion. We expanded our Inclusion and Diversity Committee, chaired by Professor Helen Gleeson, and recruited members to help guide its work. Our multicultural staff network and LGBT+ network ran a series of events as they began to meet again as pandemic restrictions eased. And we ended the year with a highly successful workshop and celebration with the LGBT+ Physical Sciences Network, in collaboration with the Royal Astronomical Society and Royal Society of Chemistry.

We also began the process of designing a new inclusion model, which will eventually replace Project Juno, our flagship gender equality award for university physics departments. Project Juno has created major progress across the UK and Ireland since its launch in 2008. But a new model is needed to promote diversity in all of its forms, and in 2022 we recruited a steering group of IOP members to ensure its replacement encompasses the full range of challenges facing the physics community within higher education today.

The IOP Leadership & Management programme concluded towards the end of 2022. As a result of the programme, participants told us they had a broader sense and more consistent understanding of what the role of a manager in the IOP is. They expressed the sense of purpose and values aligned to both the organisational strategy and the individual's role and also felt they had been empowered to try new approaches and share ideas and learning. Our recent staff survey showed that 92% of staff felt positively about the line management they received.

Our core skills programme, Taking Care of Business, has continued to be rolled out across the organisation, supporting staff to make the shift in our ways of working. Several key areas of the IOP have been restructured to better align to the strategy and enable more effective working relationships.

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**Our Activities, Achievements and Performance (continued)****IOP Publishing Limited (IOPP)**

IOPP is a wholly-owned subsidiary of the IOP and a leading international scientific publisher, working to expand the world of physics by providing impact, recognition and value for the scientific community and ensuring greater access to scientific knowledge.

The sector-wide shift towards open access publishing continued throughout 2022. Open access content made up 41% of IOPP's total journal output in 2022 compared to 26% the year before. In addition, 8% of its total journal output was published open access under a transformative agreement. From 2023 IOPP will have transformative agreements with more than 700 institutions covering 28 countries.

Our portfolio of fully open journals continued to grow with the launch of three new journals publishing cutting-edge research in vital areas of environmental science and we supported our partner the International Atomic Energy Agency (IAEA) as it transitioned *Nuclear Fusion* to a fully gold open access journal.

Over the course of the year, 29,500 articles were published and there was a 15% increase in usage of journal content. The ebook programme expanded with the addition of 111 new titles and 461,000 downloads of content. In total, IOPP has published 791 ebooks from authors across the globe since the inception of the programme 10 years ago. For conference proceedings, 28,000 open access papers were published, representing conferences from 47 countries. Proceedings were downloaded 26.4 million times. Ensuring the quality and efficiency of the peer review process remained a priority. Just two years after launching the [Peer Review Excellence: IOP training and certification programme](#), 10,000 reviewers have now achieved IOP trusted reviewer status. More than 4,000 people have now signed up for the peer review elearning hub, which gives researchers around the world the option to build their peer review competency online, for free.

## Institute of Physics

### Trustees' Annual Report and Financial Statements for the year ended 31 December 2022

## Plans for 2023

### The IOP

As we reach the fourth year of our strategy, Unlocking the Future, we will continue to grow our reach and influence, rooted in the firm foundations of the preceding years' achievements. Our aim is to secure lasting impact for the future of physics, for the physicists we represent and for our economies and communities.

Our members are at the heart of our organisation. Throughout 2023, we will ensure they enjoy the full range of benefits of their membership, and are part of the delivery of the strategy and its positive impact for the benefit of physics in society nationally and internationally. Given the turbulent environment in which we operate, and the challenges presented by the reduction in Gift Aid revenue from IOPP, we will start to plan a new organisational strategy to address those challenges, and supported by a new income diversification strategy. Ensuring that we capture and reflect our members' views will be central to the development of that strategy.

In 2023, building on successful impact projects around Quantum Technologies and Semiconductors, we have identified further opportunities to work with our members and the wider physics community to shape the debate on the issues that our members feel strongly about, including the Green Economy, Venture Capital and Positioning, Navigation and Timing (PNT).

Alongside this, we will introduce new processes to deliver the best experience possible for our members, including digital development, and enhancements to our Professional Registration scheme. And to help reflect the work of the physics community, we will hold a new Summer Festival in June 2023, which will also see us celebrate our IOP Award winners from 2020 - 2022 in person.

The Limit Less campaign will gather pace throughout 2023 to deliver its goal of supporting young people to change the world by continuing physics beyond the age of 16. This will see us puncture off-putting stereotypes about physics and physicists, spearheaded by our journalism and social media guidelines and our flagship [Bin the Boffin](#) campaign. Our campaign will continue to focus on stopping the use of the word "boffin". And we will use our new guidelines to support journalists and social media users and make sure they are used to reinforce positive messages and images. In order to drive a whole-school equity approach, we will take a two-pronged approach by influencing both politicians, and teachers and those responsible for school governance. And we will foster a network of Limit Less ambassadors amongst our members and the wider physics community to amplify and support our campaign messages across business and the wider public.

Our efforts to build a diverse, thriving and effective physics community will continue. We will do this by working to overcome barriers to inclusion and ensuring that everyone, regardless of their background, has access to world-class physics education and training. To this end, we will work towards closing the specialist physics teacher gap, focusing on teacher recruitment, retention and retraining, and influencing to ensure that the physics curriculum meets the needs of young people. We know that we must do more to develop the non-degree physics skills our economies need to grow, including addressing vital technical skills gaps, working across the UK and Ireland to ensure more young people have access to quality training on the physics-relevant topics that industry needs. This will include acting on the recommendations of our recent 'Solving Skills' report on the key barriers to uptake for physics-relevant apprenticeships. By firing up their imaginations with the opportunities that physics presents, Planet Possibility will help a new generation of young people, and especially those from under-represented groups, unlock their full potential and seize their chance to help change the world for the better. And crucially, we will evaluate and celebrate [Project Juno](#) and, as we look to the challenges of the years ahead, begin to develop a new inclusion model that builds on Juno, providing a benchmark of good practice for university departments to increase diversity and inclusion in physics.

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**Plans for 2023 (continued)****The IOP (continued)**

With general elections in the UK and Ireland expected by early 2025, we will represent the physics community's views and shape the debate amongst politicians to inform the policies of the next governments. We will continue our influencing work in the nations and Ireland and will launch our R&D blueprint in the latter. And we will work with partner organisations and the wider physics community to secure the UK's association to the Horizon Europe programme.

As we seek to show the impact of physics and inspire public debate, we will refine our approach to our Communities in Conversation to create open and balanced dialogue between under-represented community groups and the physics community. And, following the success of 2022's Superheroes exhibition, we are planning events in London and Dublin to showcase the excitement of physics and the opportunities it can offer, with a particular focus on getting our messages across to families with younger children.

**IOP Publishing Limited (IOPP)**

IOPP's emphasis is on making access to physics research universal. To do this effectively, we need to focus on developing even deeper relationships with the scientific community, delivering service excellence and striving for inclusivity at every step of the publishing process.

We will continue to secure transformative agreements on a global scale. Approaching them in a progressive and equitable way is key to the long planned-move to open access acceleration and will ensure maximum opportunities exist for participation by our regional customers and consortia partners.

The planned investment in the move to open access will impact on profits that are transferred directly in the form of Gift Aid to IOP to support IOP's work. It is crucial that IOPP as a learned society publisher fully embraces the move to open access. As IOPP goes through that transition the IOP has recognised the need to carefully manage IOP resources and prioritise where we can achieve the most impact for physics and for physicists.

Putting the needs of the scientific community first remains at the heart of everything IOPP does. We will continue to improve the publishing experience for authors and reviewers, combining rigour and excellence with efficiency and speed and a commitment to the highest integrity standards. In partnership with Morressier – an organisation which develops workflows for transforming scholarly communications - we are developing a modern, interoperable state-of-the-art submission and peer review system. With researcher requirements built-in, it will streamline the process for authors and reviewers and improve the quality of scientific outputs.

Ultimately, the success of the scientific communities that we serve is the measure of our own success. Ensuring the widest dissemination and visibility of the research that we publish delivers recognition, impact and value for the scientific community. The transition to an open future is central to our vision of becoming a trusted partner in the advancement of high-quality research that delivers social and economic benefit to the world.

Our work throughout 2022 and across both the IOP and IOPP has demonstrated our agile, pragmatic approach to devising ways of delivering change to support the wider physics community. We will redouble our efforts to become a stronger organisation to help us do this, working with our members, staff and volunteers and of course our Council's Member Reference Group to maximise financial and social return on our resources.

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#### **Plans for 2023 (continued)**

##### **Ukraine**

On 3 March 2022 we issued a statement condemning without reservation the Russian invasion of Ukraine. We stated that Russia's actions are a violation of one of the most fundamental norms of international law that prohibit the use or threat of force by one state against another. We continue to stand by that position.

To support Ukrainians affected by the war, we have agreed to provide matched funding alongside the Benevolent Fund of up to £100,000 to provide support to professional physicists suffering hardship as a result of the war.

Meanwhile, IOPP gave Ukrainian institutions free access to all content on IOPscience through our partnership with Research4Life, waived Article Processing Charges for corresponding authors based in Ukraine and offered submission extensions for any researcher whose ability to work has been affected. We also ceased sales, marketing and content commissioning to Russian organisations.

We adopted the approach signed up to by many academic publishers, which was supported by the European Physical Society, to continue to publish research where the corresponding author is from Russia, as long as they and their affiliated institution are not subject to sanctions.

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**Structure, Governance and Management**  
**(including Reference and Administrative Details)****Constitution and Governing Document**

Tracing its roots back to 1874 and the Physical Society of London, but originally incorporated in 1920, the IOP as currently constituted was established by Royal Charter (as subsequently amended) on 30 September 1970. This Royal Charter, which is supplemented by Bylaws and Regulations, is the IOP's governing document.

**Registered Details**

The IOP's registered name is the Institute of Physics. Its principal office address is 37 Caledonian Road, London N1 9BU.

The IOP is a charity registered in both England and Wales (no. 293851) and in Scotland (no. SC040092) and is therefore regulated by both the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator. The Charity Commission for England and Wales is the IOP's lead regulator.

The IOP has applied for registration as a charity in the Republic of Ireland and has submitted an Expression of Intent for registration as a charity in Northern Ireland.

**Banking Services and Professional Advisers**

Those providing banking services to the IOP Group are:

HSBC Bank PLC, 62 George White Street, Cabot Circus, Bristol, BS1 3BA

Details of the IOP Group's professional advisers are as follows:

**Independent Auditors**

PricewaterhouseCoopers LLP, 2 Glass Wharf, Bristol BS2 0FR

**Investment Advisers**

Until November 2022: Lane Clark & Peacock LLP, 95 Wigmore Street, London W1U 1DQ

From November 2022: Hymans Robertson LLP, One London Wall, London EC2Y 5EA

**Tax advisers**

Deloitte LLP, 3 Rivergate, Temple Quay, Bristol BS1 6GD

**Solicitors**

Eversheds, 1 Callaghan Square, Cardiff CF10 5BT

The IOP does not, however, have a sole appointed solicitor or formal panel of solicitors.

**Internal Auditors**

From November 2022: Crowe UK LLP, 55 Ludgate Hill, London EC4M 7JW

**Annual General Meeting**

Each year the IOP holds an Annual General Meeting, the rules of which are set out in the Bylaws and Regulations, at which all members are entitled to attend and vote. Membership fees and the appointment of the auditors are approved by the membership at the Annual General Meeting.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022**

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**Structure, Governance and Management (continued)****The Council (Board of Trustees)**

As set out in the Royal Charter, the IOP is governed by its Council. This consists of trustees elected from, and by, the membership, and up to three co-opted trustees who are appointed by the Council itself.

All members of the Council are trustees of the IOP. The Council has the ultimate responsibility for directing the affairs of the IOP, ensuring that it is solvent, well-run and delivering the charitable outcomes for the benefit of the public for which it has been established. The Council sets and monitors the IOP's strategy which delivers these charitable outcomes.

Of the elected trustees, there are four senior officers and currently four vice-presidents. The senior officers are the President, President-elect, Honorary Secretary and Honorary Treasurer. The current four vice-presidents are for Business, Education and Skills, Membership, and Science and Innovation. There are ten additional elected General Trustees.

Co-opted trustees are appointed as needed to cover areas requiring specific expertise.

There are currently nineteen trustees on the IOP Council (including one co-opted trustee).

The Council has also appointed a representative to advise it on equality, diversity and inclusion matters. The appointee is not a trustee or member of Council.

The Council generally has four scheduled meetings per year, with ad-hoc meetings as needed. All trustees give their time voluntarily and are not remunerated for their work on behalf of the IOP beyond the reimbursement of reasonable expenses.

**Elections to Council**

The rules governing the election of trustees are set out in the Bylaws. At the start of each year, the number of vacancies that will arise that year is identified. With delegated powers from the Council, the Nominations Committee then evaluates the balance of skills, knowledge, experience and diversity of trustees and, in the light of that evaluation, prepares a description of the role and capabilities required for each particular vacancy on the Council. A notice of vacancies, along with role descriptions, is published and members are able to nominate themselves.

The Nominations Committee then assesses the nominations received from members to confirm eligibility and that candidates meet the requirements laid out in the role descriptions. Where there is more than one nomination for any vacancy, a ballot takes place. Where there is only one nomination for any vacancy, that nominee is deemed elected, assuming they meet the eligibility and role description requirements.

Trustees generally serve one four-year term. Exceptions to this are the President who serves a two-year term plus two years immediately preceding that as President-elect, and the Honorary Treasurer and Honorary Secretary, who are eligible to stand for election for a second four-year term. Co-opted trustees may be appointed for a term determined by Council which may not normally exceed three years.

**Induction and Training of Trustees**

Formal induction is given to all new trustees, who are invited to attend a meeting with IOP staff as part of the induction process. Trustees are also provided with training on key topics of interest during their term of appointment.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Structure, Governance and Management (continued)****Conflicts of Interest**

Trustees have a duty to declare conflicts of interest so that they can ensure that at all times they are taking decisions that are in the best interests of the IOP.

The IOP maintains a register of trustees' interests, which is updated annually by trustees and as any changes are reported.

Procedures are in place for managing conflicts of interest that may arise during Council meetings.

**Details of Trustees**

Details of the trustees at the date of this Report are as follows.

There are no corporate trustees or trustees holding property for the IOP.

Role	Name	Appointment Date	Retirement Date
President	Professor Sheila Rowan CBE FRS FRSE Hon FlInstP	1 Oct 2021 <sup>1</sup>	30 Sep 2023
President-elect	Professor Sir Keith Burnett CBE FRS FlInstP FLSW	1 Oct 2021	30 Sep 2023 <sup>2</sup>
Honorary Secretary	Professor Alison McMillan CEng CPhys FlInstP FIMechE FHEA	1 Oct 2021	30 Sep 2025 <sup>3</sup>
Honorary Treasurer	Professor David Delpy CBE FRS FREng CPhys FlInstP FMedSci	1 Oct 2019	30 Sep 2023 <sup>4</sup>
Vice-President for Business	Dr John Bagshaw CEng CPhys FlInstP FRAeS	1 Oct 2020	30 Sep 2024
Vice-President for Education and Skills	Dr Lisa Jardine-Wright OBE CPhys FlInstP	1 Oct 2020	30 Sep 2024
Vice-President for Membership	Dr Elizabeth Cunningham MInstP FRAS	1 Oct 2021	30 Sep 2025
Vice-President for Science & Innovation	Professor Martin Freer FlInstP	1 Oct 2019	30 Sep 2023
General Trustees	Rosalie Benjamin MInstP	1 Oct 2021	30 Sep 2025
	Professor Philip Burrows CPhys FlInstP	1 Oct 2021	30 Sep 2025
	Dr Gayle Calverley-Miles CSci CPhys MInstP MBCS MIScT	1 Oct 2019	30 Sep 2023
	Professor John Dainton FRS CPhys FlInstP FRSA	1 Oct 2021	30 Sep 2025
	Professor Claudia Eberlein CPhys FlInstP	1 Oct 2020	30 Sep 2024
	Professor Martin Hendry MBE FRSE FlInstP	1 Oct 2019	30 Sep 2023
	Dr Alix Pryde FlInstP	1 Oct 2019	30 Sep 2023
	Dr Peter Thompson FREng CEng FlInstP FRSC	1 Oct 2022	30 Sep 2026
	Dr Melissa Uchida MInstP	1 Oct 2022	30 Sep 2026
	Jane Weir CSci CPhys MInstP	1 Oct 2021	30 Sep 2025
Co-opted Trustee	Dr Yvonne Kavanagh CPhys MInstP	1 Oct 2022	30 Sep 2023 <sup>5</sup>

<sup>1</sup> Was President-elect from 1 Oct 2019 to 30 Sep 2021

<sup>2</sup> To be President from 1 Oct 2023 to 30 Sep 2025

<sup>3</sup> Eligible to stand for election for a second term.

<sup>4</sup> Eligible to stand for election for a second term.

<sup>5</sup> Eligible for re-appointment up to a maximum term of three years

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Structure, Governance and Management (continued)****Details of Trustees (continued)**

Details of the trustees during the reporting period but who have now retired are as follows:

<b>Role</b>	<b>Name</b>	<b>Appointment Date</b>	<b>Retirement Date</b>
Ordinary Member (now called General Trustee)	Dr Tariq Ali CPhys FInstP FRAS	1 Oct 2018	30 Sep 2022
Co-opted Member (now called General Trustee)	Dr Tamara Cleford CEng CPhys FInstP	1 Oct 2018	30 Sep 2022
Co-opted Member (now called Co-opted Trustee)	Professor David Riley FInstP	1 Oct 2021	30 Sep 2022

**Trustee Evaluation and Skills Audit**

A trustee evaluation survey was undertaken in March 2022 and reported to Council in May 2022. Key strengths from this survey were the chairing of Council meetings, provision by Council of strategic leadership, mutual trust and openness, and a good understanding by Council of the IOP, its objectives and strategic direction. Areas to address included length and frequency of meetings, length and clarity of papers, agenda focus, induction and training, and diversity.

At the same time as the trustee evaluation survey, a trustee skills audit was also undertaken. Findings from this included that there were key strengths in research, higher education and research funding, policy and strategy, outreach and engagement, and links to other societies. Skill areas to address included legal, campaigns, fundraising, investment management and business improvement.

We are undertaking a trustee evaluation survey and skills audit again in 2023, as well as an evaluation survey for key governance committees.

**Trustee Code of Conduct**

In 2022, we adopted a new Trustee Code of Conduct which has been signed by all of our trustees. This sets out the standards and practices expected of all our trustees, in order to ensure that the highest standards of integrity and stewardship are achieved, that the IOP is, and is seen as, effective, open and accountable, and that the working relationship between the trustees, employees, our members and volunteers is productive and supportive. We are updating the Trustee Code of Conduct in 2023.

**Bylaws**

In 2022, we undertook a review of our Bylaws to ensure they remain robust, reflect best practice and are appropriate for the IOP as it moves forward with its strategy. Those Bylaw changes were approved by the members in a Special General Meeting held in September 2022 and were subsequently approved by the Privy Council in April 2023.

**Regulations and IOP Code of Conduct**

In 2022 and 2023, we updated our Regulations and IOP Code of Conduct.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022**

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**Structure, Governance and Management (continued)****Decision-making and delegations**

Key strategic decisions affecting the IOP are made by Council but, in the interests of good governance and efficient management, it delegates consideration of matters in specialist areas to its committees under agreed terms of reference. It also delegates powers for executive and management decisions through the IOP Scheme of Delegation adopted in 2023. Details of the committees and senior management team are provided on the following pages.

**Committees**

The Council has a number of committees with delegated powers, thus ensuring that the required time and attention is applied to overseeing specific areas of interest. The terms of reference, delegated powers and membership of these committees are set by the Council. Committee membership is not limited to trustees, thus allowing for both wider representation from the membership and receipt of specialist external advice where appropriate.

The formal governance committees as at 31 December 2022 are set out on the following page and are marked in red.

**Council's Member Reference Group**

The Council's Member Reference Group was established in early 2022, following the Governance Review in 2021 where Council expressed a desire to hear more directly from the membership on matters that impact them and increase the opportunity for two-way conversations. The Group held two meetings in 2022, in May and November, and met again in April 2023. It is made up of representatives from diverse membership groups including Women in Physics, Retired Members and the Physical Sciences LGBT+ Network.

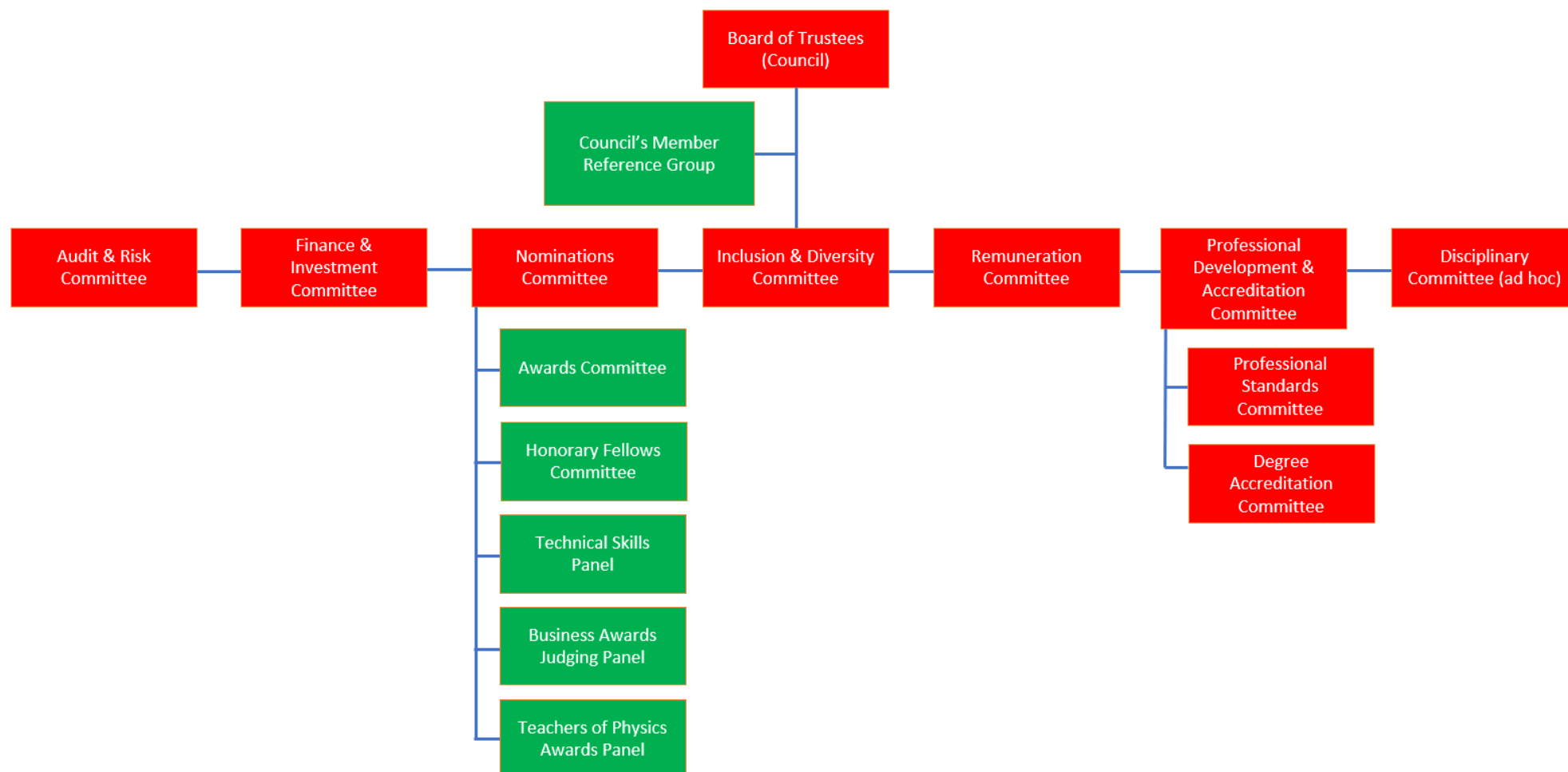
As it is in its infancy, the Group is still in the process of defining its activity and outputs. It is keen, however, to support the development of the new IOP strategy as this progresses.

At the date of this Report, the Group is Chaired by Keith Burnett as President-elect, with Elizabeth Cunningham, Vice-President for Membership, as Vice-Chair.

**Institute of Physics**  
**Trustees' Annual Report and Financial Statements for the year ended 31 December 2022**

## Structure, Governance and Management (continued)

### IOP Council and Committee Structure



Formal governance committees are shown in red.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Structure, Governance and Management (continued)****Executive Management**

The day-to-day management of the IOP Group and its activities is delegated to the Group Chief Executive Officer, supported by an executive management team.

The day-to-day management of publishing activities is delegated to the Chief Executive of IOP Publishing Limited. IOP Publishing Limited has its own board of directors and a number of subsidiary undertakings that support the delivery of the publishing programme.

The Group Executive Management Team in 2022 and to the date of this report was:

Role	Name
Group Chief Executive Officer	Until 5 June 2022: Professor Paul Hardaker FInstP FRMetS CMet From 6 June 2022: Tom Grinyer
Group Chief Financial Officer	Sukhraj Dhadwar FCCA
Deputy Chief Executive, IOP	Rachel Youngman
Director of Policy and Public Affairs, IOP	Tony McBride
Director of Science, Innovation and Skills, IOP	Louis Barson
Chief Executive, IOP Publishing Limited	Antonia Seymour

**Remuneration of the Group Executive Management Team**

The pay and remuneration of the Group Executive Management Team is set and monitored on behalf of Council by the Remuneration Committee. The Committee comprises the President, President-elect, Honorary Secretary, Honorary Treasurer, and separately appointed external advisors. The Committee commissions, each year, relevant external benchmarking information from both the publishing and charity sector to support its decision-making and, when necessary, takes additional advice from specialist organisations. Please see note 10 to the Financial Statements for further information.

**Group Corporate Structure**

The IOP has a number of subsidiary undertakings, as outlined below and in the following structure chart.

To ensure clarity and appropriate governance, there are a number of agreements in place that define and describe the provision of intra-group services.

The main trading subsidiary undertaking of the IOP is IOP Publishing Limited (commonly known as IOPP).

IOPP is a wholly owned subsidiary of the IOP and is incorporated in England and Wales. Its principal activity is the publication and distribution of high-quality scientific journals, books, conference proceedings and scientific news services.

IOPP has a number of further trading subsidiary undertakings as follows:

**IOP Publishing Consultants (Beijing) Co. Limited**

IOP Publishing Consultants (Beijing) Co. Limited is a wholly owned subsidiary of IOPP and is incorporated in China as a wholly foreign-owned enterprise (WFOE). Its principal activity is to provide services to IOPP, including publishing consulting, electronic technology consulting, business consulting, market information consulting, and corporate management consulting.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022**

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**Structure, Governance and Management (continued)****Group Corporate Structure (continued)****IOP Marketing and Promotion Services Private Limited**

IOP Marketing and Promotion Services Private Limited is 99.99% owned by IOPP, with the remaining 0.01% of share capital owned by the IOP.

It is incorporated in India. Its principal activity is promotion and marketing services for IOPP.

**Turpion Limited**

Turpion Limited is a wholly owned subsidiary of IOPP and is incorporated in England and Wales. The principal activity of Turpion Limited is under review.

**Turpion-Moscow Limited**

Turpion-Moscow Limited is incorporated in Russia and is a wholly owned subsidiary of Turpion Limited. Its principal activity is to provide publishing services to IOP.

**IOP Publishing Moscow LLC**

IOP Publishing Moscow LLC is 99% owned by IOPP and 1% owned by Turpion Limited. Its principal activity is to provide publishing services to IOPP.

The local office in Russia was closed on 31 March 2023. Plans are now in place to formally wind down the two subsidiaries in Russia, Turpion-Moscow Limited and IOP Publishing Moscow LLC.

IOPP has a branch in Japan which is non-incorporated.

The IOP also has the following trading subsidiary undertakings:

**IOP Publishing Inc.**

IOP Publishing Inc. is a not-for-profit corporation of which the IOP is the sole corporate member. It is incorporated in the USA. Its principal activity is to provide publishing services to IOPP. All such services are provided solely in support of the IOP's charitable and educational activities.

**IOP Business Publishing Inc.**

IOP Business Publishing Inc. is a wholly owned subsidiary of IOP Publishing Inc. and is incorporated in the USA. Its principal activity is to provide advertising-sales services.

With the exception of IOP Marketing and Promotion Services Private Limited and IOP Publishing Moscow LLC, all companies are wholly owned subsidiaries of their immediate holding company.

There are two further Group subsidiary undertakings, both of which are currently dormant.

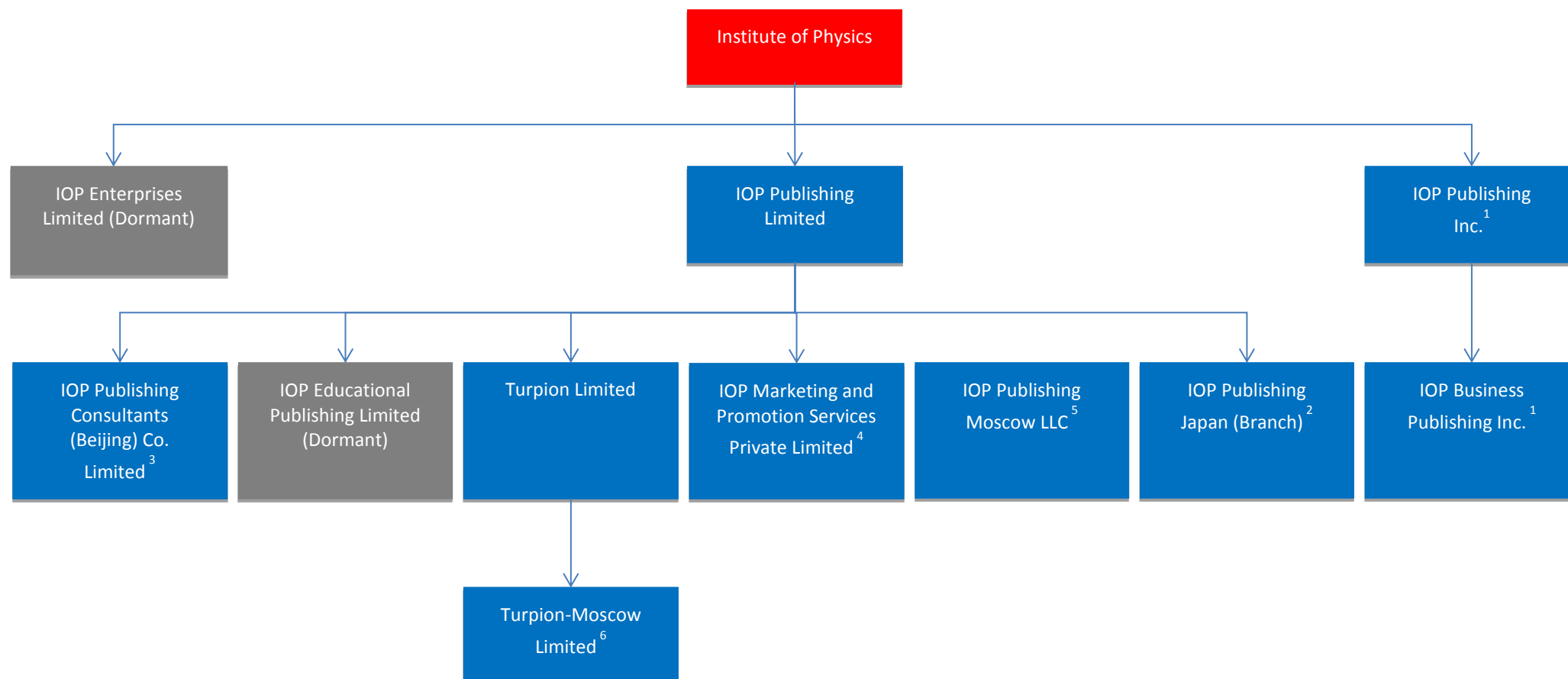
These are:

**IOP Educational Publishing Limited****IOP Enterprises Limited.**

**Institute of Physics**  
**Trustees' Annual Report and Financial Statements for the year ended 31 December 2022**

**Structure, Governance and Management (continued)**

**IOP Group Corporate Structure**



- 1 – Incorporated in USA  
 2 – Japanese Branch (non-incorporated)  
 3 – Incorporated in China

- 4 – Incorporated in India (99.99% owned by IOPP and 0.01% by IOP)  
 5 – Incorporated in Russia (99% owned by IOPP and 1% owned by Turpion Limited)  
 6 – Incorporated in Russia

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Structure, Governance and Management (continued)****Risk management**

The Council retains overall responsibility for risk management and discusses and decides the level of risk it is prepared to accept for specific and combined risks. The Audit & Risk Committee then reviews the IOP Group risk appetite, tolerance and strategy as articulated by the Council, reviews and helps the Council and the Executive to identify major areas of risk for the IOP Group and reviews and assists the Council and the Executive in the development of processes to manage risk in those areas.

The IOP maintains a register of significant risks and maintains systems to control and manage those risks. The Audit & Risk Committee reviews the Risk Register, along with the plans and processes in place to manage and mitigate major risks, and then reports to Council. Council separately reviews the register on a periodic basis. In assessing the key risks identified below, the impacts of the COVID-19 pandemic and Brexit have been taken fully into account.

<b>Risk Description</b>	<b>Risk Consequence</b>	<b>Controls, Action, Mitigation</b>
Funders adopt Open Access policy mandates where publishers aren't adequately compensated resulting in erosion of income and an unsustainable future for learned society publishers.	Material reduction in Gift Aid receipts.	Business strategy in place to ensure a sustainable route to future net profits; close engagement with funders and pro Open Access libraries; strong policy advocacy work on Open Access.
The IOP is unable to achieve funding requirements to deliver its strategy and operational business.	The IOP would be unable to support its full strategy as there would be a potential funding shortfall.	Regular review of performance of funding pipeline against target and review of range of funders and suitability of income; fundraising programme in place focusing on individual giving, trusts and foundations, competitive contracts and legacies; new Income Diversification Strategy agreed; investments to be restructured to generate more income/growth from reserves; IOP Strategy review in progress.
Failure to implement or deliver return on investment from strategic initiatives.	IOPP may experience loss of market share of revenue and content with potential adverse profit impact.	Use of experienced delivery partners for technology investments; formal management and oversight of the strategy investment programme in place.
The IOP Group suffers liability or reputational damage from publications	Damage to reputation as a trusted voice and/or legal action resulting in reputational or financial loss.	Skilled staff with robust procedures; access to professional advice; shared intelligence to ensure integrity maintained; robust peer review; further preventative measures including new platforming partnership.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Structure, Governance and Management (continued)****Risk management (continued)**

<b>Risk Description</b>	<b>Risk Consequence</b>	<b>Controls, Action, Mitigation</b>
There is a material IT security breach or critical IT system failure (inc. breach of digital systems).	Loss or corruption of data; unavailability of business critical applications; reputational damage; contractual breach; legal/regulatory fines; system restoration costs; productivity loss; unavailability of websites; use of IOP sites/servers for malicious purposes.	Firewall in place with anti-virus, anti-malware and spam filters; cloud back-ups; password policies and multi-factor authentication; segregated network for staff and public; regular service audits; business continuity arrangements; regular communication with staff; use of software as a service; robust patch protocols; regular cyber security audits; digital team strengthened; retained security consultants; and geofencing implemented.
The IOP is unable to attract/retain talented staff and to adequately manage succession planning for senior managers.	Loss of business knowledge and expertise; potential reputational damage; recruitment costs; lost productivity.	HR Team strengthened; devolved decision making to encourage talent development and retention; improved systems and processes to secure corporate knowledge; active monitoring of turnover; competitive reward and benefits package which is benchmarked; flexible working employment model adopted.
There is a negative, inappropriate or defamatory post on an IOP social media account by an employee, IOP member or member of the public.	Reputational damage; potential liability if defamatory; impact on staff loyalty.	All relevant staff trained on use of IOP social media accounts; only dedicated staff with access to IOP corporate social media accounts; monitoring of IOP mentions on social media; agreed weekly social media schedule with escalation process; and new social media policy to be launched.

**Internal Audit**

The IOP has an internal audit programme which assesses key controls and undertakes audits based on key risks and other ad-hoc matters where an audit is considered appropriate. To bolster its internal audit programme, in November 2022 the IOP appointed Crowe UK LLP for a three year term as its outsourced internal audit provider for the IOP Group.

**Our Commitment to Equality, Diversity and Inclusion****The IOP**

We believe firmly in equality of opportunity for all, confronting barriers to inclusion and participation wherever we encounter them. These core values are an expression of what we believe in and how we behave as an organisation. Our programmes are founded on the principles of Equality, Diversity and Inclusion (EDI), from our organisational values and strategy, to our work in schools, with the public and in our policy initiatives. From the Council and the senior leadership throughout the organisation, there is a deep-seated commitment to ensuring our physics community reflects the wider diversity we see in society and the significant value that brings to physics, the workplace and to society.

In 2022, the Inclusion and Diversity Committee was re-established. This is where we regularly review and evaluate how we implement our diversity initiatives. We have also introduced the Council's Member Reference Group which, whilst not solely diversity focused, will strengthen the voices of the membership to Council, providing challenge and support on a range of matters.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Structure, Governance and Management (continued)****Our Commitment to Equality, Diversity and Inclusion (continued)**

In our Annual Report last year, we shared that we had achieved Juno Practitioner – an award for our own gender equality scheme. We committed to becoming Juno Champion by the end of our strategy period and we have been working toward this with a whole organisation action plan. We are progressing well, and will continue to evaluate our progress and adjust accordingly.

This year, we undertook an external evaluation of our EDI practice through the Employer Network for Equality and Inclusion evaluation scheme, TIDE. We are delighted that we received a Bronze Award for our work, placing us third in our sector. We are in the process of aligning the action plan for improvement here with our Juno Champion ambition.

The IOP was amongst the first signatories of the Royal Academy of Engineering Diversity Concordat and the Science Council Declaration on Diversity, Equality and Inclusion and we continue to take a visible role in delivering on our commitments. We have delivered projects and publications that continue to lead the way in spreading good practice and making a significant contribution to the body of research available to the STEM community.

We recognise that we need to continue to work to remove barriers to participation in any of our activities and that we ensure the principles of EDI are embedded within them. We are in the process of co-creating a new Inclusion Model to replace Project Juno and broaden out from it, whilst maintaining our focus on gender equality. We are working with IOP members and the wider physics community to do this.

We build partnerships to work with colleagues, members, the wider physics community and, through our Limit Less campaign, with organisations in society to ensure that everything we deliver is truly inclusive.

You can find the document setting out the importance of EDI to physics on our website at [iop.org/about/IOP-diversity-inclusion/importance-of-equality-diversity-physics](https://iop.org/about/IOP-diversity-inclusion/importance-of-equality-diversity-physics).

You can find out more about the new Inclusion Model, which will replace Project Juno, on our website at [A new inclusion model for the physics community | Institute of Physics \(iop.org\)](#).

**IOPP**

Meanwhile, our goal at IOPP is to ensure that diversity, equity and inclusion (DE&I) are built into our identity in a way that is natural and sustainable, visible through the work we produce, our company branding, our professional networks and the communities we serve and support. As part of our commitment to promoting inclusion and diversity amongst IOPP colleagues, our DE&I steering group have established an action plan with supporting KPIs to keep us accountable and on track across the wider scientific community. Since 2021, the proportion of women being invited to review research papers published by IOPP has increased by 4% and invitations to reviewers from low- and middle-income countries has also increased by approximately 4%.

As part of our commitment to increasing global equity and inclusion in open access publishing we introduced an IOPP policy which saw researchers from countries with lower-middle income economies, as categorised by the World Bank, able to choose open access in any of IOPP's journals for a flat charge of £500. The policy builds on our existing approach that enables researchers from countries with low-income economies to publish open access for free in any of our fully open access or hybrid open access journals.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022**

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**Structure, Governance and Management (continued)****Our Commitment to Equality, Diversity and Inclusion (continued)**

During 2022 our IOPP Diversity, Equity and Inclusion (DE&I) steering group put in place a vision, strategy and roadmap to keep the company accountable and on track. The role of this group is to discuss and advise on the company's DE&I agenda, identify challenges, develop suggested solutions, and feedback perspectives and recommendations.

**Environmental Responsibility****The IOP**

The IOP recognises its environmental responsibilities and commitment to reducing environmental damage locally, nationally and globally. We are focused on four main areas of compliance: waste and energy reduction; personal responsibility; the role of physics to provide solutions; and meeting emission targets. Ultimately, we are seeking to reduce our carbon footprint from utilities and transport associated with our operations and events across the United Kingdom and Ireland to net zero.

We are also raising awareness of how activities and choices of individuals and other organisations carry an impact on the environment. We advise and support what they might consider doing to mitigate this impact. We want to lead the way and highlight what physics can do to help make buildings more efficient. Data captured on our own energy usage is shared through our education partners to help future planning and development in this field. We work with our stakeholder organisations to influence positive environmental change and support organisations which are proactively being sustainable.

**IOPP**

IOPP's sustainability taskforce drives all our sustainability activities. Made up of colleagues from all levels across the organisation, the taskforce advocates for sustainable practices and raising awareness amongst colleagues, suppliers and other stakeholders.

Throughout 2022, IOPP carried out a supply chain assessment, looking at which products and business activities are responsible for emitting the most greenhouse gases (GHG). Supported by [ClimatePartner](#), a leading solution provider for corporate climate action, we have been able to map our carbon emissions and set targets to reduce them.

Through our series of established environmental journals, IOPP publishes research that addresses some of the world's most critical issues and delivers solutions for sustainability development in line with the Sustainable Development Goal (SDG)s. Our [Sustainability Collection](#) brings all IOPP published SDG-related content together into a central place, with an intuitive search that filters by SDG and by year.

We have also been working with [DIMPACT](#), an industry-wide initiative that helps to bring into view emissions from the point of content production right through to the end user. The outcome of this work will help us to evolve our sustainability strategy.

The IOP's Environmental Statement can be found [here](#) or by visiting [www.iop.org/environmental-statement](http://www.iop.org/environmental-statement). Meanwhile, IOPP's Environmental Statement is here: [Environmental policy - IOP Publishing](#).

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022**

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**Structure, Governance and Management (continued)****Gender-Pay Gap Reporting**

The IOP does not have a statutory requirement to report on gender pay but, as part of its commitment to gender equality, it has undertaken the assessment. IOPP, meanwhile, continues to meet its statutory requirement to report on the matter.

**The IOP**

This is the fourth year we have made a voluntary declaration of our gender pay gap. As the voice of physics in the UK and Ireland, and a campaigner for girls and young people from underrepresented backgrounds to study physics, we have a responsibility to be open, transparent and committed to pay equality.

By making a voluntary declaration we set an example, hold ourselves to account and learn where we can do better. This year, our gender pay gap has increased, primarily due to a period of change at the IOP which saw some of our staff, including several women in more senior roles, transfer to provider organisations. Although we understand the main reasons for our pay gap increasing, we want to do better, and our ambition is to achieve gender pay parity. We have developed a plan to reduce our gender pay gap and we will continue to monitor and report on our progress.

We have also made other important progress. In 2021, we were awarded Juno Practitioner status, the inclusion award for and by the UK and Irish physics community, and we have implemented an action plan to ensure we continue this important progress. The plan is monitored by our internal Equality and Diversity Action Group (EDAG), chaired by the Deputy Chief Executive, and spans the entire organisation. This gives us an excellent opportunity to further embed EDI practices including gender parity as part of our core values and culture.

The average hourly rate in April 2022 was 18.1% lower for women based on mean hourly earnings and 9% lower based on median hourly earnings. The IOP mean gender pay gap has increased from 11.49% in 2021. Similarly, the median gender pay gap has increased from 1.41% in 2021.

The median pay gap for full-time employees in the UK is 8.3% (Office for National Statistics, 2022).

We are proud of the progress we have made towards an inclusive culture, and this has been supported by a move to a flexible working model which is available to all staff from the day they join us. Our staff survey shows that our people believe the organisation is run on strong values, that they are treated fairly and equally by their managers and that there is a strong alignment to the organisation's values. However, we recognise that our structure is relatively flat and this can make progression opportunities limited. The challenge we face, in common with other organisations, is how to retain diverse talent. We have made some progress, but we know we can do more to improve, particularly to support staff to progress from more junior grades to more senior grades and Executive level. We need to put in place a strategy that is transparent and into which all those who aspire to progress can see the opportunities. We will support this strategy by making better use of our networks to bring in fresh thinking and ideas and give our staff valuable networking opportunities.

It is also important that we recognise the value placed by current and future employees on sustainability. We have already made progress in this area and want to do more. We are currently working on a new transparent method of showing how we are responding to sustainability in the context of inclusion and diversity.

## Institute of Physics

### Trustees' Annual Report and Financial Statements for the year ended 31 December 2022

## Structure, Governance and Management (continued)

### Gender-Pay Gap Reporting – The IOP (Continued)

Our priority action areas for 2023 are outlined below. We will continue to update our employee offering by:

- formalising our talent management strategy to support the transparency and progression of staff more equitably through the organisation;
- increasing the diversity of the lower quartiles to help to decrease our gender pay gap. We will drive diversity in recruitment across all pay quartiles with an anonymised recruitment process, using an increasingly wide variety of advertising sources, gender and ethnicity neutral short lists for interview, gender balanced panels, as well as wider advertising of roles using neutral wording;
- building on the successful implementation of the way we work, through which we have empowered all staff to choose how and when to work, whilst meeting the needs of the business. We will measure and use the data to inform recruitment and retention strategies;
- ensuring a consistent data-driven approach to setting starting pay and pay progression through the introduction of the pay policy review, thereby reducing the likelihood of bias and disparities in pay; and
- continuing to monitor the numbers and demographics of applications for various roles across the organisation to identify if there are further useful measures available, particularly given the tight national recruitment markets.

### Summary of IOP April 2022 results

IOP	Lower	Lower Middle	Upper Middle	Upper	Across all quartiles
<b>Female</b>					
Mean	£14.94	£19.78	£24.08	£35.75	£22.37
Median	£15.05	£19.73	£24.25	£33.76	£21.51
Number of staff	28	24	25	17	94
<b>Male</b>					
Mean	£16.00	£20.29	£24.13	£39.86	£27.32
Median	£15.96	£20.69	£23.96	£37.48	£23.64
Number of staff	10	15	14	21	60
<b>Gender Pay Gap</b>					
Mean	6.7%	2.5%	0.2%	10.3%	18.1%
Median	5.7%	4.6%	-1.2%	9.9%	9.0%
Percentage of female employees	73.7%	61.5%	64.1%	44.7%	61.0%
Percentage of male employees	26.3%	38.5%	35.9%	55.3%	39.0%

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Structure, Governance and Management (continued)****Gender-Pay Gap Reporting (Continued)****IOPP**

At IOPP we are proud to celebrate difference and want everyone to thrive and achieve their potential as this is a deeply held value for us. So, over the past year, we have focused on driving our inclusion plans, and we demonstrate and celebrate diverse minds, being actively inclusive and working together as one.

We are pleased we can use our gender pay gap report to showcase some of the progress we have made on our diversity and inclusion strategy in 2022. To create meaningful and systemic change we need to make sure we are actively listening and talking to each other to raise our own awareness. We need to be clear about what action we must take, and use good data to understand issues, identify actions and track progress. We must also ensure our leaders are leading inclusively, being allies and having conversations about diversity and inclusion.

We are seeing early signs of success with our strategy. We are proud of our engagement survey results in diversity and inclusion that continue to be ahead of industry norms, and our internal awareness-raising events are well attended and get positive feedback. Our mean pay gap has reduced by 0.8% to 11.6% and our median has reduced by 3.4% to 14.9%.

We have continued to attract and retain more women into our roles. However, we are clear on the focus needed to continue to appoint women into senior roles. During 2022, we have focused on inclusivity, creating the foundations for long-term success and bringing all our people with us and we will be launching our first employee resource group focusing on Women in IOPP. We are excited about our future and achieving our ambition to make IOPP a more diverse and inclusive organisation for everyone.

**Summary of IOPP April 2022 results**

<b>IOP Publishing Limited</b>	<b>Lower</b>	<b>Lower Middle</b>	<b>Upper Middle</b>	<b>Upper</b>	<b>Across all quartiles</b>
<b>Female</b>					
Mean	£12.02	£15.47	£19.75	£34.99	£19.14
Median	£12.19	£15.45	£19.70	£28.41	£16.41
Number of staff	57	53	49	36	195
<b>Male</b>					
Mean	£12.45	£15.00	£20.35	£32.60	£21.65
Median	£12.69	£14.68	£20.34	£29.55	£19.27
Number of staff	30	35	38	51	154
<b>Pay Gap</b>					
Mean	3.4%	-3.1%	2.9%	-7.3%	11.6%
Median	3.9%	-5.2%	3.1%	3.9%	14.9%
Percentage of female employees	65.5%	60.2%	56.3%	41.4%	55.9%
Percentage of male employees	34.5%	39.8%	43.7%	58.6%	44.1%

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022**

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**Structure, Governance and Management (continued)****Anti-Slavery and Human Trafficking**

The IOP Group is committed to prohibiting modern slavery and human trafficking in any part of our business, including in all supply chains. The IOP Group has a diverse supply chain, including suppliers of IT, print and editorial services, office equipment, catering services, building services, temporary recruitment services, and accommodation and venue facilities.

Our Anti-Slavery and Human Trafficking Policy reflects our commitment to acting ethically and with integrity in all business relationships. We also implement and enforce effective systems and controls to prohibit slavery and human trafficking in our supply chains and business.

To ensure that all companies in our supply chain comply with all obligations on anti-slavery and human trafficking, all relevant suppliers are issued with, and agree to comply with, our Anti-Slavery and Human Trafficking Policy, and/or appropriate obligations are included in contracts with them. Those obligations allow the IOP to secure assurances that those suppliers have appropriate measures in place in relation to their own business and supply chains and commit to complying with all relevant legislation and codes of practice.

To ensure awareness and understanding across the IOP, staff are required to complete an on-line training package on our approach to anti-slavery and human trafficking and in-person training is provided for staff working in potentially higher risk areas.

**Anti-Corruption and Bribery**

We support and have an on-going commitment to carrying out our business fairly, honestly and openly.

We maintain policies and procedures to prevent bribery and, in particular, have implemented a Group Anti-Corruption and Bribery Policy. We also have procedures and controls over expenditure, accounting, commercial activities and agent contracts to manage all forms of bribery and corruption risk.

As part of our zero-tolerance approach to bribery and corruption, we ensure that measures are in place so that staff and third parties understand what is and what is not permitted. As part of our induction programme, for example, we require new staff to complete a mandatory e-learning module on bribery and corruption to enhance awareness and help deter bribery. As part of our due diligence procedures when contracting with key suppliers, we require them to commit to comply with all applicable bribery legislation and, where relevant, we review their policies in this area.

We maintain whistleblowing procedures for staff to report any allegations of wrongdoing and provide an integrated range of routes through which staff may report concerns.

**Fundraising**

Section 162A of the Charities (Protection and Social Investment) Act 2016 requires charities of a certain size to make a statement regarding fundraising activities in their Annual Report. To show our commitment to fundraising in line with the Code of Fundraising Practice, the IOP is registered with the Fundraising Regulator.

Our fundraising activities support and further our charitable purpose. We raise funds from different streams including individuals (members and non-members of the IOP), trusts, foundations and corporations. We also have a legacy programme and seek gifts in wills.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022**

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**Structure, Governance and Management (continued)****Fundraising (continued)**

Our fundraising activities are carried out by our in-house Development Team, whose work is overseen by the Business Development Group consisting of relevant Heads of Departments and the Executive Team. We take a risk-based approach and seek the Business Development Group's approval on every fundraising opportunity. We do not use professional fundraisers or commercial participators to fundraise on our behalf.

We take our responsibilities on managing personal information seriously and strive to ensure that our policies and procedures meet legal requirements and donors' expectations. When seeking donations from members, we only contact those who have opted in to receiving such communications. We also have safeguarding measures in place to help us protect young people and vulnerable adults.

We did not receive any complaints concerning our fundraising activities in the financial year.

**Statement of Trustees' Responsibilities**

Members of Council (who are the trustees of the IOP) are responsible for preparing the Trustees' Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice (GAAP)).

The law applicable to charities in England and Wales and in Scotland requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the Group, and of the incoming resources and application of resources of the charity and the Group for that period.

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 Statement of Recommended Practice (SORP);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and the Charity (Accounts and Reports) Regulations 2008 and the Charities Trust Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022**

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**Financial Review****Financial Statements**

The financial statements for the year ended 31 December 2022 are set out on pages 39 to 80. They were prepared applying accounting policies in accordance with UK GAAP, and comply with the Statement of Recommended Practice, Accounting and Reporting by Charities SORP (FRS 102).

**The IOP Group**

Some 93% (2021: 94%) of the Group's incoming resources are generated from the activities of its trading subsidiary, IOP Publishing Limited (IOPP).

Total incoming resources in the year for the Group decreased by £3.9m to £74.9m (2021: £78.8m) which was driven mainly by a £3.6m decrease in income from scientific publications to £68.1m (2021: £71.7m) in relation to the activities of IOPP. Further commentary on the activities of IOPP is provided below. Income from other charitable activities saw a slight decrease to £4.5m (2021: £4.9m).

Total resources expended in the year for the Group remained consistent at £76.9m (2021: £76.9m). Total resources expended in the prior year included a provision of £7.4m in respect of the potential outcome of a Normal Retirement Age equalisation review of the defined benefit pension scheme. This is commented on further below.

Further details are included in the Consolidated Statement of Financial Activities on page 39. The IOP's balance sheet is included on page 41. The IOP considers incoming resources, Gift Aid remitted from its subsidiaries and expenditure to be key performance indicators.

The overall net asset position of the Group remains strong at £79.6m (2021: £83.7m). The key drivers for the movement in the net asset position are set out below.

The Group made significant investments in systems during 2022 in order to support the transition to open access in the publishing business. Details on these intangible fixed asset additions are given in note 14.

During 2022, the IOP exited its lease for the property in Bristol that was the trading address of its subsidiary IOPP. In February 2022, the IOP signed a lease for a new property in Bristol which is the new trading address of IOPP. The fit-out of this new property is reflected in the additions to tangible fixed assets, as shown in note 15.

Debtors have increased from £18.6m to £29.5m at 31 December 2022, primarily due to the increase in debtors within IOPP as a result of changes in the timing of invoicing and subsequent cash receipts from customers.

The Group cash position remains strong at £28.2m (2021: £37.6m), with the reduction on the prior year being linked to the increase in debtors in IOPP.

The value of the Group's short-term investments fell by £2.3m to £23.6m at 31 December 2022 (2021: £25.9m) as a direct result of the economic turmoil throughout 2022.

Deferred revenue remains a key balance and has increased by £7.2m to £24.9m (2021: £17.7m), driven by the new Transformative Agreements in IOPP which are commented on further below.

The IOP's defined benefit pension scheme was in a surplus position of £0.7m at 31 December 2022 (2021: £3.6m deficit position). During 2022, the assets of the scheme reduced by £37.5m (2021: increased by £5.7m) and the present value of the liabilities decreased by £41.8m (2021: decreased by £1.6m).

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Financial Review (continued)****The IOP Group (continued)**

The significant reduction in the scheme's liabilities was primarily due to an increase in the discount rate which was driven by a material rise in the corporate bond yields and a decrease in inflation assumption over the period to 31 December 2022. This reduction in the scheme's liabilities was partially offset by the assets of the scheme achieving lower returns than expected in the same period.

During 2021, a provision of £7.4m was made to allow for uncertainty over the effective date of equalisation of the Normal Retirement Age of the scheme. A prudent approach was taken in 2021 and the provision was based on the effective date being 31 October 1997 and therefore the maximum expected liability of £7.4m was provided for. During 2022, further investigation into the effective date of the equalisation of the Normal Retirement Age of the scheme has been undertaken which has shown that the equalisation window does not need to extend as far back as was expected in 2021. An amount of £3.6m has been recognised as past service gain in the year ended 31 December 2022 which reflects the difference between the required provision as at 31 December 2022 based on the effective date of equalisation and the original provision of £7.4m as updated for the actuarial assumptions as at 31 December 2022. Further details are given in note 23 of the financial statements.

The trustees have concluded that the Group is a going concern and these financial statements have therefore been prepared on that basis. The performance of the Group in 2022 and the positive net asset position at the end of 2022 support the trustees' conclusion.

**The IOP**

In 2022 78% of the IOP's income was generated from Gift Aid from its publishing subsidiaries (2021: 78%). Other sources of income include income from members either as membership fees or for additional services and grants from government and other grant-awarding bodies.

Total resources expended have decreased in the year from £26.4m to £18.3m which is primarily due to the fact that the 2021 total resources expended included a provision of £7.4m in respect of the potential outcome of a Normal Retirement Age equalisation review of the defined benefit pension scheme, as referenced above.

**IOPP**

IOPP is committed to making scientific research accessible to as many people as possible who might benefit from it and throughout 2022 the company focused on putting in place Transformative Agreements as a means to accelerate the transition to open access. Transformative Agreements make open access publication by authors in participating institutions as simple as possible because the fees are covered by the institution and the authors can therefore publish their research at no cost to them. By the end of 2022, IOPP had Transformative Agreements in place with over 500 institutions in 23 countries.

As set out further in the accounting policies, certain estimates are required in relation to the recognition of revenue from these Transformative Agreements and a proportion of revenue from the Transformative Agreements that were entered into during 2022 has been deferred at the year end. The required deferral of revenue from these Transformative Agreements has contributed to the decrease in the turnover of IOPP in 2022 to £70.3m (2021: £73.9m). However, the impact of this revenue deferral has been partially offset by the foreign exchange gain on the company's revenue that is denominated in USD following the fluctuation in the USD exchange rate throughout the course of 2022.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Financial Review (continued)****IOPP (continued)**

IOPP's gross profit margin has remained consistent with the prior year at 91.4% (2021: 91.2%). However the net profit margin has reduced from 28.3% in the year ended 31 December 2021 to 14.6% in the year ended 31 December 2022. A key driver for this is the required deferral of revenue from the Transformative Agreements as at 31 December 2022, as referred to above. In addition, the ongoing turmoil in the global markets and the related supply chain issues and inflation have resulted in increased costs throughout the business which have also directly impacted on margins.

During 2022, the IOPP also made significant investments in systems in order to support the transition to open access and to improve our agility and flexibility in the face of changing market and business models.

IOPP pays all of its taxable profits for the reporting year to its parent charity, the IOP, under the gift aid scheme. During the year, the company paid £20.7m (2021: £20.2m) of gift aid to the IOP.

**Reserves and investment**

The Charter and Bylaws confer power on the IOP to maintain income reserves. Council reviews at least annually both the IOP's continuing need for reserves and their appropriate level. The reserves policy set out below is based on, and is consistent with, guidelines on the subject issued by the Charity Commission. The strategic reasons for the IOP to retain reserves, rather than simply spend all of its income as it arises, are, as stated in its Investment Policy:

- to be able to make short- and medium-term expenditure commitments without the risk of short-term fluctuations in income forcing reduction in, or cancellation of, planned activity;
- to reduce the level of dependence on income from publishing; and
- in the event of a material and sustained fall in income from other sources, to provide sufficient reserves to enable the IOP to make the changes in its organisation and activities necessary to respond to this in an orderly and planned way.

The overall investment objectives of the IOP are to achieve a minimum net total return of 12-month LIBOR (London Interbank Offered Rate) +3.5%, after payment of fees over rolling three-year periods, using a diversified strategic asset allocation approach to minimise the risk for this level of return.

During the year the investment portfolio held by the IOP generated an unrealised loss to the Group of £2.5m (2021: £2.9m unrealised gain). The IOP actively manages its investment portfolio.

After a review in 2019, Council agreed that there should not be one single aggregate level of appropriate reserves that should be held by the IOP, rather the reserves of the IOP should be segregated into separate categories where the amount of reserves held in each category should be calculated as an appropriate amount to address the balance of risks and opportunities facing the IOP in those categories.

The agreed categories are the: operational reserve (free reserves); property reserve (specific reserve); and pension fund reserve (specific reserve). In defining this reserves policy, consideration has been given to the level of free reserves it is appropriate to hold in order to demonstrate appropriate financial management and sustainability.

The operational reserve will allow for short- and medium-term expenditure commitments without the risk of short term fluctuations in income forcing reductions in, or cancellation of, planned activity. It will also help fund strategic and business plan activities.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Financial Review (continued)****Reserves and investment (continued)**

The property reserve will have £0.25m invested per annum until the end of the current strategy for the development and maintenance of the IOP's property assets, whether freehold or leasehold. The pension reserve will have £1m invested per annum over the same period. This is in addition to the special annual contribution already made from the IOP to the defined benefit pension scheme, which is accounted for through the Statement of Financial Activities.

The required level of reserves at 31 December 2022 based on the current long-term plan, as modified by the 2023 budget, is between approximately £20.7m-£30.4m (2021: £15.3m-£23.6m). The current level of free reserves as represented by the IOP's investments is £23.6m (£20.9m unrestricted, £2.7m restricted) (2021: £25.9m (£22.9m unrestricted, £3.0m restricted)), which is deemed appropriate given the IOP's commitments over the following 12 months.

The balances on the individual funds of the IOP at 31 December 2022 are considered adequate to meet their respective commitments.

**Ethical investment policy**

The IOP is a charity established with the objective of promoting the advancement and dissemination of a knowledge of and education in the science of physics, pure and applied.

The trustees would not want the investment decisions of the IOP to result in activities that compromise this objective. In the event that the trustees consider that any particular classes of investment choices conflict with this objective, they will provide a written list of such classes, or specific investments, to the investment managers and will require them to take such steps as are practicable and cost-effective so as not to invest in these areas.

**Auditors**

All of the current trustees have taken all of the steps necessary to make themselves aware of any information needed by the charity's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The trustees are not aware of any relevant audit information of which the auditors are unaware.

**By order of Council**

DocuSigned by:  
  
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Professor Alison McMillan CEng CPhys FInstP  
 FIMechE FHEA

Honorary Secretary

Date: 22 June 2023

DocuSigned by:  
  
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Professor David Delpy CBE FRS FREng CPhys  
 FInstP FMedSci

Honorary Treasurer

Date: 22 June 2023

**Institute of Physics****Independent auditors' report to the trustees of the Institute of Physics****Independent Auditors' Report to the Trustees of the Institute of Physics****Report on the audit of the financial statements****Opinion**

In our opinion, the Institute of Physics' Group financial statements and parent charity financial statements (the financial statements''):

- give a true and fair view of the state of the Group's and of the parent charity's affairs as at 31 December 2022 and of the Group's and parent charity's incoming resources and application of resources, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 15 of The Charities (Accounts and Reports) Regulations 2008.

We have audited the financial statements, included within the Annual Report (the "Annual Report"), which comprise: the Group and parent charity balance sheets as at 31 December 2022; the consolidated statement of financial activities incorporating a consolidated income and expenditure account for the year ended 31 December 2022 and charity statement of financial activities incorporating an income and expenditure account for the year ended 31 December 2022; the consolidated statement of cash flows for the year then ended; and the notes to the financial statements for the year ended 31 December 2022, which include a description of the significant accounting policies.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Conclusions relating to going concern**

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 Group and parent charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and parent charity's ability to continue as a going concern.

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

**Institute of Physics****Independent auditors' report to the trustees of the Institute of Physics****Independent Auditors' Report to the Trustees of the Institute of Physics (continued)****Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Charities Act 2011 requires us also to report certain opinions and matters as described below.

**Trustees Report**

Under the Charities Act 2011 we are required to report to you if, in our opinion the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

**Responsibilities for the financial statements and the audit****Responsibilities of the Trustees for the financial statements**

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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 Group's and parent charity'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 Group and parent charity or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

We are eligible to act and have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 auditors' 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.

**Institute of Physics****Independent auditors' report to the trustees of the Institute of Physics****Independent Auditors' Report to the Trustees of the Institute of Physics (continued)****Auditors' responsibilities for the audit of the financial statements (continued)**

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.

Based on our understanding of the Group and parent charity/industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Charities Act 2011 and relevant regulations made or having an effect thereunder, including The Charities (Accounts and Reports) Regulations 2008. We evaluated the incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) by the trustees and those responsible for, or involved in, the preparation of the financial statements, and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and applying management bias in accounting estimates. Audit procedures performed included:

- Discussions with management and the trustees, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes including those of the Council and of the subsidiaries;
- Evaluation of management's controls designed to prevent and detect irregularities, in particular the whistleblowing policy and employee code of conduct;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of partner accruals and the valuation of defined benefit pension liabilities; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of this report**

This report, including the opinions, has been prepared for and only for the charity's trustees as a body in accordance with section 151 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Institute of Physics**

**Independent auditors' report to the trustees of the Institute of Physics**

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**Independent Auditors' Report to the Trustees of the Institute of Physics (continued)**

**Other required Reporting**

**Charities Act 2011 exception reporting**

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol

Date: 22 June 2023

## Institute of Physics

## Trustees' Annual Report and Financial Statements for the year ended 31 December 2022

## Consolidated Statement of Financial Activities incorporating a consolidated income and expenditure account for the year ended 31 December 2022

	Note	2022 Restricted £'000	2022 Unrestricted £'000	2022 Total £'000	2021 Total £'000
<b>Income from:</b>	<b>3</b>				
Donations and legacies		-	138	<b>138</b>	5
Charitable activities:					
Membership		-	1,684	<b>1,684</b>	1,635
Programmes		351	2,458	<b>2,809</b>	3,240
Scientific Publications		-	68,075	<b>68,075</b>	71,730
Other trading activities		-	1,725	<b>1,725</b>	1,954
Investments	<b>6</b>	28	423	<b>451</b>	231
Other		-	1	<b>1</b>	-
<b>Total income</b>	<b>3 &amp; 5</b>	<b>379</b>	<b>74,504</b>	<b>74,883</b>	78,795
<b>Expenditure on:</b>	<b>4</b>				
Raising funds		-	(79)	<b>(79)</b>	(81)
Charitable activities:					
Scientific Publications	<b>7</b>	-	(58,821)	<b>(58,821)</b>	(50,854)
Ecosystem	<b>7</b>	(279)	(4,563)	<b>(4,842)</b>	(4,751)
Productivity	<b>7</b>	-	(575)	<b>(575)</b>	(405)
Campaign	<b>7</b>	-	(509)	<b>(509)</b>	(645)
Public Dialogue	<b>7</b>	-	(247)	<b>(247)</b>	(381)
Transformation	<b>7</b>	-	(494)	<b>(494)</b>	(571)
Membership	<b>7</b>	-	(2,089)	<b>(2,089)</b>	(901)
Business operations	<b>7</b>	(218)	(7,640)	<b>(7,858)</b>	(9,837)
Other		-	(1,341)	<b>(1,341)</b>	(8,523)
<b>Total expenditure</b>	<b>4 &amp; 7</b>	<b>(497)</b>	<b>(76,358)</b>	<b>(76,855)</b>	(76,949)
Net (losses) / gains on investments	<b>17</b>	(311)	(2,162)	<b>(2,473)</b>	2,942
<b>Net (expense) / income</b>		<b>(429)</b>	<b>(4,016)</b>	<b>(4,445)</b>	4,788
<b>Other recognised (losses) / gains</b>					
Actuarial (losses) / gains on defined benefit pension scheme	<b>23</b>	-	(215)	<b>(215)</b>	11,782
Exchange difference on retranslation of net assets of subsidiary undertakings		-	610	<b>610</b>	-
<b>Net movement in funds</b>		<b>(429)</b>	<b>(3,621)</b>	<b>(4,050)</b>	16,570
Fund balances brought forward		3,541	80,139	<b>83,680</b>	67,110
<b>Fund balances carried forward</b>	<b>22</b>	<b>3,112</b>	<b>76,518</b>	<b>79,630</b>	83,680

The Statement of Financial Activities includes all gains and losses recognised in the year. All amounts relate to continuing activities.

The notes on pages 43 to 80 form part of these financial statements.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Charity Statement of Financial Activities incorporating an income and expenditure account for the year ended 31 December 2022**

		<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>Note</b>	Restricted	Unrestricted	<b>Total</b>	<b>Total</b>
		£'000	£'000	£'000	£'000
<b>Income from:</b>					
Donations and legacies	<b>3</b>	-	138	<b>138</b>	5
Charitable activities:					
Membership		-	1,684	<b>1,684</b>	1,635
Programmes		351	2,458	<b>2,809</b>	3,240
Scientific Publications		-	21,291	<b>21,291</b>	22,193
Investments		28	1,497	<b>1,525</b>	1,221
Other		-	1	<b>1</b>	-
<b>Total income</b>		<b>379</b>	<b>27,069</b>	<b>27,448</b>	28,294
<b>Expenditure on:</b>					
Raising funds		-	(79)	<b>(79)</b>	(81)
Charitable activities:					
Ecosystem		(279)	(4,619)	<b>(4,898)</b>	(4,808)
Productivity		-	(575)	<b>(575)</b>	(405)
Campaign		-	(509)	<b>(509)</b>	(645)
Public Dialogue		-	(247)	<b>(247)</b>	(381)
Transformation		-	(494)	<b>(494)</b>	(571)
Membership		-	(2,339)	<b>(2,339)</b>	(1,151)
Business operations		(218)	(7,640)	<b>(7,858)</b>	(9,837)
Other		-	(1,341)	<b>(1,341)</b>	(8,523)
<b>Total expenditure</b>		<b>(497)</b>	<b>(17,843)</b>	<b>(18,340)</b>	(26,402)
Net (losses) / gains on investments	<b>17</b>	(311)	(2,162)	<b>(2,473)</b>	2,942
<b>Net (expense) / income</b>		<b>(429)</b>	<b>7,064</b>	<b>6,635</b>	4,834
<b>Other recognised (losses) / gains</b>					
Actuarial (losses) / gains on defined benefit pension scheme	<b>23</b>	-	(215)	<b>(215)</b>	11,782
<b>Net movement in funds</b>		<b>(429)</b>	<b>6,849</b>	<b>6,420</b>	16,616
Fund balances brought forward		3,541	61,269	<b>64,810</b>	48,194
<b>Fund balances carried forward</b>	<b>22</b>	<b>3,112</b>	<b>68,118</b>	<b>71,230</b>	64,810

The Statement of Financial Activities includes all gains and losses recognised in the year. All amounts relate to continuing activities. The notes on pages 43 to 80 form part of these financial statements.

**Institute of Physics**  
**Trustees' Annual Report and Financial Statements for the year ended 31 December 2022**

**Group and Parent Charity Balance Sheets as at 31 December 2022**

	Note	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
<b>Fixed assets</b>					
Intangible assets	14	7,546	3,576	96	-
Tangible assets	15	34,501	33,948	33,245	33,381
Investments in subsidiary undertakings	16	-	-	3,001	3,001
Investments	17	23,642	25,895	23,642	25,895
		<b>65,689</b>	<b>63,419</b>	<b>59,984</b>	<b>62,277</b>
<b>Current assets</b>					
Debtors	18	29,504	18,622	1,965	1,953
Cash at bank and in hand		28,214	37,642	11,774	7,001
		<b>57,718</b>	<b>56,264</b>	<b>13,739</b>	<b>8,954</b>
<b>Creditors: amounts falling due within one year</b>	19	<b>(43,701)</b>	<b>(31,563)</b>	<b>(2,417)</b>	<b>(1,981)</b>
<b>Net current assets / (liabilities)</b>		<b>14,017</b>	<b>24,701</b>	<b>11,322</b>	<b>6,973</b>
<b>Provisions for liabilities</b>	21	<b>(772)</b>	<b>(806)</b>	<b>(772)</b>	<b>(806)</b>
<b>Defined Benefit Pension scheme surplus / (deficit)</b>	23	<b>696</b>	<b>(3,634)</b>	<b>696</b>	<b>(3,634)</b>
<b>Net Assets</b>		<b>79,630</b>	<b>83,680</b>	<b>71,230</b>	<b>64,810</b>
<b>Restricted funds</b>					
Restricted funds	22	3,112	3,541	3,112	3,541
<b>Unrestricted funds</b>					
General fund	22	75,822	83,773	67,422	64,903
Pension reserve	23	696	(3,634)	696	(3,634)
Total unrestricted funds		<b>76,518</b>	<b>80,139</b>	<b>68,118</b>	<b>61,269</b>
<b>Total charity funds</b>		<b>79,630</b>	<b>83,680</b>	<b>71,230</b>	<b>64,810</b>

These financial statements were approved by Council and authorised for issue on  
signed on its behalf by

22 June 2023

and were

DocuSigned by:

*Sheila Rowan*

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22 June 2023

Professor Sheila Rowan

CBE FRS FRSE HonFInstP

President

The notes on pages 43 to 80 form part of these financial statements.

DocuSigned by:

*David Delpy*

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22 June 2023

Professor David Delpy

CBE FRS FREng CPhys FInstP FMedSci

Honorary Treasurer

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Consolidated Statement of Cash Flows for the year ended 31 December 2022**

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Cash flows from operating activities</b>		
<b>Net (expense) / income for the year</b>	<b>(4,445)</b>	4,788
Adjustments for:		
Depreciation and amortisation of fixed assets and intangible assets	3,492	2,862
Loss on disposal of fixed assets	313	1
Loss / (Gains) on investments	2,473	(2,942)
Dividend income from fixed and current investments	(451)	(231)
Difference between net pension expense and cash contribution	(4,545)	4,533
Increase in trade and other debtors	(10,882)	(2,045)
Increase in trade and other creditors	12,138	3,416
Decrease in provisions	(34)	-
<b>Net cash (used in) / provided by operating activities</b>	<b>(1,941)</b>	10,382
<b>Cash flows from investing activities</b>		
Purchases of fixed assets and intangible assets	(8,328)	(1,608)
Dividends received on fixed and current asset investments	231	231
Purchase of investments	-	(2,926)
Sale of investments	-	2,926
<b>Net cash used in investing activities</b>	<b>(8,097)</b>	(1,377)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(10,038)</b>	9,005
Cash and cash equivalents at beginning of year	37,642	28,637
Foreign exchange gains	610	-
<b>Cash and cash equivalents at end of year</b>	<b>28,214</b>	37,642
<b>Cash and cash equivalents comprise:</b>		
Cash at bank and in hand	<b>28,214</b>	37,642

The notes on pages 43 to 80 form part of these financial statements.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements for the year ended 31 December 2022****1 Accounting policies**

The Institute of Physics (IOP) is a corporate body governed by a Royal Charter, which is supplemented by bylaws and regulations. It was established in its current form by Royal Charter dated 30 September 1970.

The IOP is a charity registered in both England & Wales (no. 293851) and in Scotland (no. SC040092). The IOP has also applied for registration as a charity in the Republic of Ireland. The members of Council are the trustees of the Charity. The IOP's registered office is 37 Caledonian Road, London N1 9BU.

The Institute of Physics is a Public Benefit Entity under FRS 102. The financial statements have been prepared in accordance with applicable charity law and in accordance with FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), and with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with FRS 102 (effective 1 January 2015) ("Charities SORP FRS 102"), and in accordance with the requirements of the Charities Act 2011 and Regulation 15 of The Charities (Accounts and Reports) Regulations 2008.

The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain investments and financial instruments as specified in the accounting policies below.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgement in applying the Group's accounting policies (see note 2).

*Going Concern*

Trustees continue to monitor the principal markets in which it operates and they have prepared forecasts and projections for the charity. These projections demonstrate the charity's ability to meet its obligations as they fall due. The Trustees therefore consider it appropriate to prepare the financial statements on a going concern basis.

*Parent entity disclosure exemption*

In preparing the individual financial statements of the Institute of Physics advantage has been taken of the following disclosure exemption available in FRS 102:

- No cash flow statement has been prepared for the parent charity; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent charity because their remuneration is included in the totals for the Group as a whole.

*Basis of consolidation*

The consolidated financial statements incorporate the results of the Institute of Physics and all its subsidiary undertakings as at 31 December 2022 using the acquisition method of accounting. Under this method, the results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated Statement of Financial Activities from the effective date of acquisition or up to the effective date of disposal. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets and liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated Statement of Financial Activities from the date on which control is gained.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****1 Accounting policies (continued)***Business combinations*

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree plus costs directly attributable to the business combination. Any excess of the cost of the business combination over the fair value of the identifiable assets and liabilities is recognised as goodwill.

*Analysis of income and expenditure*

2022 is the third year of the IOP's strategy "Unlocking the Future". The analysis of income and expenditure by fund reflects the programmes of this strategy, including membership and business operations (business as usual activities) and those of the IOP's publishing subsidiaries (scientific publications).

In 2022, the expenditure previously classified under the heading of "Challenge Fund" within charitable activities was reallocated under the heading "Ecosystem" as this more closely aligned with the activities within the project. The amounts reclassified were £92k in 2022 and £242k in 2021. Periods prior to those presented have been considered but there was no impact on the figures before 2021.

*Income*

Membership income is recognised when received and attributed to the financial years to which it relates. Sundry income is recognised when received. Income from production of in-house and external partner journals with a majority of the income received in advance is recognised in line with the fair value of content delivered. Other income streams include fees received for publishing articles, ebooks and advertising recognised upon publication, sales of access to historic archives recognised upon invoice, when permanent access is granted and contract management fees recognised on invoice.

*Gift aid income*

The Institute of Physics receives payments from its subsidiaries under the gift aid scheme. Gift aid income is recognised in the charity's Statement of Financial Activities when the subsidiary has made an irrecoverable commitment to pay the taxable profits to the charity. The charity previously had a gift aid covenant in place with IOP Publishing Limited (IOPP). At the reporting date there was no legal obligation in place for IOPP to make this payment. The payment is, however, expected to be made within nine months of the end of the reporting date.

*Government grants receivable*

Grants are accounted for under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Statement of Financial Activities in the same period as the related expenditure.

*Resources expended*

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the relevant category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include general management, payroll administration, information technology, human resources, financing and governance costs. These costs are allocated across the expenditure on charitable activities. The basis of the cost allocation has been explained in note 8 to the financial statements.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****1 Accounting policies (continued)***Intangible fixed assets – goodwill*

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in Intangible assets. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life as follows:

Goodwill on acquisition of subsidiaries	5 years
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*Intangible fixed assets – trademarks and software*

Journal and magazine titles acquired are capitalised and amortised over their estimated useful economic lives. The useful life of trademarks is 5 years.

Other intangible assets, including internally generated software assets, are stated at cost and are amortised over useful lives not exceeding 10 years. The amortisation period has been determined based on prior experience of the length of time that intangibles usually retain their value. Where factors such as technological advancement or changes in market price indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

*Tangible fixed assets*

Tangible fixed assets are stated at cost or valuation, net of accumulated depreciation and any provision for impairment.

Assets with a value of less than £500 are not capitalised.

*Depreciation*

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold property	45 years
Office equipment & machinery	3-4 years
Fixtures and fittings	10 years

The value of leasehold property is amortised over the remaining periods of the relevant leases.

Within note 15, Office equipment & machinery and Fixtures & fittings are included within one category of assets titled "Fixtures and equipment".

*Valuation of investments*

Investments in subsidiaries are measured at cost less accumulated impairment in the individual charity financial statements.

Other investments in listed company shares are included in the balance sheet at the market value of the individual unitised holdings. Gains and losses are recognised in profit or loss, within 'Net income/expenditure' in the Statement of Financial Activities.

*Debtors*

Trade and other debtors are recognised at transaction price, less any impairment. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****1 Accounting policies (continued)***Liquid resources*

For the purposes of the cash flow statement, liquid resources are defined as current asset investments, which is cash held in short term deposit accounts for investment purposes. These are not considered to be cash because they are not accessible penalty free within one working day.

*Cash*

Cash includes cash in hand and deposits repayable on demand with any qualifying institution less overdrafts from any qualifying financial institution repayable on demand. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty, or if a maturity or period of notice of not more than 24 hours or one working day has been agreed. Cash includes deposits denominated in foreign currencies.

*Creditors*

Short term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at amortised cost and subsequently at amortised cost less impairment.

*Provisions*

Provisions are recognised when the Group has a present obligation, legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The Group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use in the following financial year. The provision is measured at the undiscounted salary cost payable for the period of absence that has been accrued.

The Group recognises a provision for the expected value of dilapidations for costs relating to the exit of leasehold premises. The amount payable will be agreed through future negotiation at such point that an exit occurs.

*Financial instruments*

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in an asset of the company after deducting all of its liabilities. Financial instruments are measured at amortised cost or fair value depending on the nature of the underlying arrangement.

*Derivative financial instruments*

Derivative financial instruments are recognised at fair value with any gains or losses being recognised in profit or loss, within 'Net income/expenditure' in the Statement of Financial Activities.

*Fund accounting*

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****1 Accounting policies (continued)***Pension costs – Institute of Physics Retirement Benefits Plan 1975*

The IOP operates the Institute of Physics Retirement Benefits Plan 1975 providing pension benefits based on final pensionable pay. This scheme was closed to new members on 31 December 2001. The assets of the scheme are held separately from those of the Group in an independently administered fund. This defined benefit scheme is accounted for in accordance with FRS 102. The service cost of pension provision relating to the year, together with the cost of any benefits relating to past service if the benefits have vested, is charged to the Statement of Financial Activities. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the Group's long term expected return on assets (based on the market value of the scheme assets at the start of the year), are also included in the Statement of Financial Activities.

The difference between the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet. Any differences between the actual and expected return on assets during the year are recognised in the Statement of Financial Activities along with differences arising from experience or assumption changes.

The defined benefit pension expense recognised in the Statement of Financial Activities is allocated to expenditure on charitable activities in proportion with the expenditure on these activities. The defined benefit pension expense is recognised in unrestricted funds.

*Pension costs – Institute of Physics Group Personal Pension Schemes*

The Group operates two Group personal pension schemes. They are both defined contribution pension schemes with assets held in the names of the individual members.

The first was established from 1 January 2002 and is managed by Aviva. This scheme closed to new members on 31 January 2014. For those members of staff who are members of this scheme, the IOP contributes up to 18% of basic salary.

The second was established from 1 February 2014 and is managed by Aviva. For those members of staff who choose to join the scheme the IOP contributes up to 12% of basic salary.

Contributions to the Group's defined contribution pension schemes are charged to the Statement of Financial Activities in the year in which they become payable.

*Foreign currencies**Functional currency and presentation currency*

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Sterling, which is the charity's and the Group's presentation currency.

*Transactions and balances*

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entity are recognised at the spot rate at the dates of the transactions or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange differences that arise are recognised in profit or loss, within 'Net income/expenditure' in the Statement of Financial Activities.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****1 Accounting policies (continued)***Translation of Group companies*

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated from their functional currency to Sterling using the exchange rate ruling on the balance sheet date. Income and expenses are translated using an average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on translation of Group companies are recognised within 'Other recognised gains/losses' in the Statement of Financial Activities.

*Operating leases*

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the terms of the leases.

Rental income receivable under operating leases with a third party is recognised in the Statement of Financial Activities on a straight-line basis over the terms of the leases.

The Group has taken advantage of the transitional relief available for lease incentives, such that where a lease commenced before the date of transition to FRS 102, the remaining benefit of the lease incentive may continue to be recognised in accordance with previous UK GAAP.

**2 Significant judgements and estimates**

Preparation of the financial statements requires the Executive Board and Senior Management Team to make significant judgements and estimates.

**Significant estimates**

The items in the financial statements where significant estimates have been made include:

*Revenue recognition*

Income from production of in-house and external partner journals with a majority of the income received in advance is recognised in line with the fair value of content delivered. Where contracts with customers span multiple years, judgement is required to identify the component parts of the contract and an estimate is required in the recognition of the associated revenue in each applicable accounting period.

Where sales contracts with customers contain multiple components and may also span multiple years, for example Transformative Agreements, judgement is required to identify the component parts of the contract and an estimate is required in the recognition of the associated revenue in each applicable accounting period. The estimate of revenue to be recognised in each applicable year in relation to a Transformative Agreement is based on the relative fair value of the component parts of the agreement. The determination of the relative fair value is based on the fair value of the individual component parts with any discount applied on a proportionate basis.

*Defined benefit pension scheme valuation*

Valuation of the assets and liabilities of the Group defined benefit pension scheme are performed by a professional actuary. This requires estimates to be made around the range of assumptions used and the value used for each assumption.

*Partner accruals*

Indirect costs of IOPP are allocated to partners in the calculation of partner payments. The method of allocating these indirect costs will vary by partner, depending on the nature of the agreement with each individual partner, and estimates are required in these allocations.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022**

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**Notes forming part of the financial statements (continued)****2 Significant judgements and estimates (continued)***Dilapidations*

A provision is included for the value of dilapidations for costs relating to the exit of leasehold premises. An estimate is required to determine this value. The amount payable will be agreed through future negotiation at such point that an exit occurs.

**Significant judgements**

The items in the financial statements where significant judgements have been made are:

*Partner agreements*

When agreements are entered into with partners, judgement is required as to whether the company is acting as the agent or the principal in the arrangement and therefore how revenue should be recognised. The following factors are taken into consideration when making this judgement: which party to the agreement establishes the sales prices; which party bears the credit risk on the sale; and which party is responsible for providing the goods or services to the customer. The contractual terms set out in the agreement and the substance of the arrangement are also taken into consideration.

*Leases*

The key judgement is whether leases entered into by the company are operating or finance leases. The conclusion depends on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****3 Income: analysis by fund**

		<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>Note</b>	Restricted	Unrestricted	<b>Total</b>	Restricted	Unrestricted	<b>Total</b>
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Income from:</b>							
Donations and legacies		-	138	<b>138</b>	-	5	<b>5</b>
Charitable activities:							
Membership		-	1,684	<b>1,684</b>	-	1,635	<b>1,635</b>
Programmes		351	2,458	<b>2,809</b>	299	2,941	<b>3,240</b>
Scientific Publications		-	68,075	<b>68,075</b>	-	71,730	<b>71,730</b>
Other trading activities		-	1,725	<b>1,725</b>	-	1,954	<b>1,954</b>
Investments	<b>6</b>	28	423	<b>451</b>	-	231	<b>231</b>
Other		-	1	<b>1</b>	-	-	<b>-</b>
<b>Total income</b>	<b>5</b>	<b>379</b>	<b>74,504</b>	<b>74,883</b>	<b>299</b>	<b>78,496</b>	<b>78,795</b>

**4 Expenditure: analysis by fund**

		<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>Note</b>	Restricted	Unrestricted	<b>Total</b>	Restricted	Unrestricted	<b>Total</b>
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Expenditure on:</b>							
Raising funds		-	79	<b>79</b>	-	81	<b>81</b>
Charitable activities:							
Scientific Publications	<b>7</b>	-	58,821	<b>58,821</b>	-	50,854	<b>50,854</b>
Ecosystem	<b>7</b>	279	4,563	<b>4,842</b>	291	4,460	<b>4,751</b>
Productivity	<b>7</b>	-	575	<b>575</b>	-	405	<b>405</b>
Campaign	<b>7</b>	-	509	<b>509</b>	-	645	<b>645</b>
Public Dialogue	<b>7</b>	-	247	<b>247</b>	-	381	<b>381</b>
Transformation	<b>7</b>	-	494	<b>494</b>	-	571	<b>571</b>
Membership	<b>7</b>	-	2,089	<b>2,089</b>	-	901	<b>901</b>
Business operations	<b>7</b>	218	7,640	<b>7,858</b>	78	9,759	<b>9,837</b>
Other		-	1,341	<b>1,341</b>	-	8,523	<b>8,523</b>
<b>Total expenditure</b>		<b>497</b>	<b>76,358</b>	<b>76,855</b>	<b>369</b>	<b>76,580</b>	<b>76,949</b>

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****5 Analysis of incoming resources**

By geographical market	<b>2022</b> <b>£'000</b>	2021 £'000
Europe, Middle East and Africa	<b>25,857</b>	27,433
The Americas	<b>28,758</b>	30,529
Asia Pacific	<b>20,268</b>	20,833
<b>Total</b>	<b>74,883</b>	78,795
By class of business	<b>2022</b> <b>£'000</b>	2021 £'000
Publishing operations	<b>69,799</b>	73,684
Charitable activities	<b>2,809</b>	3,240
Membership income	<b>1,684</b>	1,635
Other	<b>591</b>	236
<b>Total</b>	<b>74,883</b>	78,795

**6 Investment income**

	<b>2022</b> <b>£'000</b>	2021 £'000
Dividends and interest from listed investments	<b>451</b>	231
<b>Total</b>	<b>451</b>	231

Group investment income is lower than the Charity's investment income by £1,074k due to the elimination of intercompany rent recharged in respect of Temple Circus and The Distillery.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****7 Analysis of expenditure****7a Analysis of expenditure by type**

	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>Activities undertaken directly</b>	<b>Grant funding activities</b>	<b>Support costs</b>	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Raising funds	-	-	79	<b>79</b>	81
Charitable activities:					
Scientific Publications	58,821	-	-	<b>58,821</b>	50,854
Ecosystem	1,937	149	2,756	<b>4,842</b>	4,751
Productivity	252	-	323	<b>575</b>	405
Campaign	222	-	287	<b>509</b>	645
Public Dialogue	108	-	139	<b>247</b>	381
Transformation	215	-	279	<b>494</b>	571
Membership	770	-	1,319	<b>2,089</b>	901
Business operations	469	-	7,389	<b>7,858</b>	9,837
Other	-	-	1,341	<b>1,341</b>	8,523
<b>Total</b>	<b>62,794</b>	<b>149</b>	<b>13,912</b>	<b>76,855</b>	76,949

Activities undertaken directly are costs attributable to the activity. Support costs are those costs that support the activity. Grant funding represents 70 (2021: 97) STFC grants made to schools to help them run physics and astronomy related activities and 12 (2021: 12) grants made to individuals under the Bell Burnell Graduate Scholarship Fund to encourage greater diversity in physics by assisting PhD physics students from under-represented groups.

In the prior year, other expenditure included £7.4m in relation to a provision that was made to allow for uncertainty over the effective date of equalisation of the Normal Retirement Age of the defined benefit pension scheme. There is no equivalent amount included in other expenditure in 2022. Further information is provided in the Financial Review.

Please see the Objectives and Activities, Achievements and Performance section of the Trustees' Annual Report for more information about the activities set out above, including Ecosystem ('Building a diverse, thriving and effective physics community'), Productivity ('Unlocking the full value of physics to society and the economy'), Public Dialogue ('Showing the impact of physics and inspiring informed public conversations') as well as our Transformation programme, our influencing campaign Limit Less and, of course, our scientific publications and our work with our members.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****7b Analysis of expenditure on business operations**

Included within expenditure on charitable activities are costs for business operations amounting to £7,858k (2021: £9,837k). These are analysed as:

	2022 Restricted £'000	2022 Unrestricted £'000	2022 Total £'000	2021 Total £'000
Awards	116	211	327	279
Support	-	1,481	1,481	2,779
Membership	-	1,047	1,047	1,180
Technology	-	2,159	2,159	2,969
Facilities	-	1,548	1,548	1,728
Outreach	102	1,194	1,295	902
<b>Total business operations expense</b>	<b>218</b>	<b>7,640</b>	<b>7,858</b>	<b>9,837</b>

**8 Analysis of governance and support costs**

Included within expenditure on charitable activities are governance and support costs amounting to £12,492k (2021: £11,176k). These are analysed as:

	2022 Management Costs (Directorate + Staff) £'000	2022 Central Costs (IT, HR, Facilities) £'000	2022 Finance Costs £'000	2022 Total £'000	2021 Total £'000
<b>Basis of Allocation</b>	Direct *	Direct #	Direct		
Ecosystem	2,471	285	-	2,756	1,292
Productivity	290	33	-	323	229
Campaign	257	30	-	287	365
Public Dialogue	125	14	-	139	216
Transformation	250	29	-	279	323
Membership	1,183	136	-	1,319	652
Business operations	4,296	2,366	727	7,389	8,099
<b>Total</b>	<b>8,872</b>	<b>2,893</b>	<b>727</b>	<b>12,492</b>	<b>11,176</b>

\* CEO costs, governance costs and fundraising staff costs are allocated directly. All other staff costs are apportioned based on the original direct costs of the activity over total direct costs.

# All costs are allocated directly other than depreciation, impairments and bad debt provision movements which have been apportioned based on the original direct costs of the activity over total direct costs.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****8 Analysis of governance and support costs (continued)****Auditors' fees:**

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Fees payable to the charity's auditors for the audit of the charity's annual financial statements	<b>100</b>	45
Fees payable to the charity's auditors for other services:		
The audit of the charity's subsidiaries pursuant to legislation	<b>147</b>	96
Other services	<b>16</b>	301
Other taxation services	<b>10</b>	10
	<b>273</b>	452

**9 Staff****Institute of Physics - Group**

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Wages and salaries	<b>28,553</b>	26,224
Social security costs	<b>2,714</b>	2,324
Pension costs	<b>2,713</b>	2,580
Redundancy and severance costs	<b>115</b>	70
<b>Total</b>	<b>34,095</b>	31,198

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****9 Staff (continued)**

The number of employees in the Group earning more than £60,000 including bonuses (excluding employer pension contributions) per year can be analysed in the following bands:

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
£60,000 - £69,999	27	32
£70,000 - £79,999	18	17
£80,000 - £89,999	17	11
£90,000 - £99,999	7	8
£100,000 - £109,999	4	6
£110,000 - £119,999	2	2
£120,000 - £129,999	1	1
£130,000 - £139,999	3	1
£140,000 - £149,999 +	2	-
£150,000 - £159,999	1	3
£160,000 - £169,999	-	1
£170,000 - £179,999 *	1	2
£190,000 - £199,999	-	1
£200,000 - £209,999	1	-
£210,000 - £219,999	-	1
£220,000 - £229,999	2	1
£230,000 - £239,999	1	-
£240,000 - £249,999	1	-
£260,000 - £269,999	-	1
£300,000 - £309,000	-	1
£400,000 - £409,999	1	-

+ This banding includes the remuneration of the Group Chief Executive Officer in 2022 who was in post from 6 June 2022 .

\* This banding includes the remuneration of the Group Chief Executive Officer in 2021.

The above banding covers the employees of the IOP Group and also includes 22 staff (2021: 20) who are employed by entities within the IOP Group that fall outside the scope of the gender pay gap reporting.

The above banding includes 62 (2021: 64) staff for whom retirement benefits are accruing under defined contribution schemes and 2 (2021: 9) staff for whom retirement benefits are accruing under defined benefit schemes. Contributions by the Group for the year for the above employees to defined contribution schemes amounted to £624k (2021: £656k). 26 staff included above (2021: 22) are paid in foreign currencies and their earnings are subject to foreign exchange fluctuations when translating from the base currency to sterling.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****9 Staff (continued)****Institute of Physics - Charity**

Within the Charity only, the number of employees earning more than £60,000 including bonuses (excluding employer pension contributions) per year can be analysed in the following bands. Employer pension contributions have also been analysed to show the total employee benefits for those within these bandings:

<b>Salary &amp; Compensation</b>	<b>Bonus &amp; commission</b>	<b>Non pensionable allowances &amp; other benefits</b>	<b>Employer Pension Contribution</b>	<b>2022 Number</b>	<b>2021 Number</b>
£60,000 - £69,999	-	-	£5,000 - £14,999	<b>4</b>	7
£70,000 - £79,999	-	-	£5,000 - £14,999	<b>7</b>	6
£80,000 - £89,999	-	-	£5,000 - £14,999	<b>4</b>	3
£90,000 - £99,999	-	-	£5,000 - £14,999	<b>1</b>	-
£110,000 - £119,999	-	-	£5,000 - £14,999	<b>2</b>	1
£130,000 - £139,999	-	-	£5,000 - £14,999	<b>1</b>	-
£140,000 - £149,999 +	-	-	£0 - £5,000	<b>1</b>	-
£150,000 - £159,999	-	-	£0 - £5,000	<b>1</b>	1
£170,000 - £179,999 *	-	-	£30,000 - £34,999	-	1

+ This banding includes the remuneration of the Group Chief Executive Officer in 2022 who was in post from 6 June 2022.

\* This banding includes the remuneration of the Group Chief Executive Officer in 2021.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****9 Staff (continued)****Institute of Physics - Group**

Within the trading subsidiaries of the Institute of Physics Group (IOP Enterprises Limited, IOP Publishing Limited, Turpion Limited, Turpion-Moscow Limited, IOP Publishing Inc., IOP Business Publishing Inc., IOP Publishing Consultants (Beijing) Co. Limited, IOP Marketing and Promotion Services Private Limited), some staff, dependant on role, have contractual performance-based incentives linked to the subsidiaries revenue or profit growth. Staff may also receive non pensionable allowances and medical benefits in addition to employer pension contributions.

UK employer pension contributions are made at a maximum of 18% of pensionable salary.

The average number of employees during the year was:

		<b>2022</b>	2021
		<b>Number</b>	Number
Charitable work:	- Institute of Physics	<b>117</b>	134
Business operations:	- IOP Publishing Limited	<b>237</b>	217
	- IOP Publishing Inc.	<b>28</b>	28
	- IOP Business Publishing Inc.	<b>2</b>	2
	- Turpion-Moscow Limited	<b>3</b>	3
	- IOP Publishing Consultants (Beijing) Co. Limited	<b>22</b>	17
	- IOP Marketing and Promotion Services Private Limited	<b>5</b>	5
Management and administration:	- Institute of Physics	<b>33</b>	34
	- IOP Publishing Limited	<b>135</b>	135
<b>Total</b>		<b>582</b>	575

The full-time equivalent employees as at 31 December 2022 was 567 (2021: 540).

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****10 Key management personnel remuneration**

Key management personnel include all members of Council. The President, honorary officers and members of Council give their time to the IOP on a voluntary basis and are paid no remuneration for this work. They are reimbursed the actual costs of travel and subsistence necessarily incurred on the official business of the IOP and/or its subsidiaries. In the year to 31 December 2022 less than £8.5k of expenses were incurred and reimbursed to 5 trustees (2021: <£1k to 5 trustees).

Remunerated key management personnel include the members of the IOP's senior management team and directors of the IOP's subsidiary companies. The Group Chief Executive Officer performs a Group role across all entities within the IOP Group. The Group Chief Executive Officer is part of the IOP's senior management team which also includes the Deputy Chief Executive; Chief Financial Officer; The Director of Policy and Public Affairs; The Director of Science, Innovation & Skills; and the Chief Executive, IOP Publishing Limited. All members of the senior management team are remunerated by the IOP with the exception of the Chief Executive of IOP Publishing Limited.

In addition to the members of the IOP's senior management team, remunerated key management personnel comprise:

**IOP Publishing Limited**

Chief Financial Officer

Chief Sales Officer

Chief Technology Officer

Chief Publishing Officer

Chief People Officer

The pay and remuneration of the Group senior management team is set and monitored on behalf of Council by the Remuneration Committee. The Committee comprises the President, President-elect, Honorary Secretary and Honorary Treasurer, and is supported by several separately appointed external advisors. The Committee commissions, each year, relevant external benchmarking information from both the publishing and charity sector to support its decision-making, and when necessary takes additional advice from specialist organisations.

The total compensation paid to key management personnel for services provided to the Group was £2,513k (2021: £2,192k). This includes all remuneration, salary, benefits, bonuses and commission, employer's pension contributions, employer's national insurance contributions and any compensation payments made.

**11 Physics World**

During the year the IOP contributed £266k (2021: £266k) to IOPP towards the cost of copies of Physics World supplied to members, and £40k (2021: £40k) towards the cost of copies of Physics Education supplied to the IOP's affiliated schools programme.

**12 Taxation**

As a registered charity, the IOP is potentially exempt from taxation of its income and gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The subsidiary companies make qualifying donations of taxable profit to the Institute of Physics.

**13 Irrecoverable VAT**

There is a Group VAT registration for the Institute of Physics and its UK subsidiaries. The VAT group is partly exempt and, because of this, there are restrictions on the amount of VAT recoverable.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****14 Intangible assets**

<b>Institute of Physics - Group</b>	<b>Software £'000</b>	<b>Goodwill on consolidation £'000</b>	<b>Trademarks £'000</b>	<b>Assets in course of construction £'000</b>	<b>Total £'000</b>
<i>Cost or valuation</i>					
At 1 January 2022	13,633	126	217	625	14,601
Additions	-	-	-	5,428	5,428
Transfer from assets in course of construction	886	-	-	(886)	-
Disposals	(289)	-	-	-	(289)
<b>At 31 December 2022</b>	<b>14,230</b>	<b>126</b>	<b>217</b>	<b>5,167</b>	<b>19,740</b>
<i>Accumulated amortisation</i>					
At 1 January 2022	(10,741)	(126)	(158)	-	(11,025)
Provision for the year	(1,415)	-	(43)	-	(1,458)
Disposals	289	-	-	-	289
<b>At 31 December 2022</b>	<b>(11,867)</b>	<b>(126)</b>	<b>(201)</b>	<b>-</b>	<b>(12,194)</b>
<i>Net book value</i>					
<b>At 31 December 2022</b>	<b>2,363</b>	<b>-</b>	<b>16</b>	<b>5,167</b>	<b>7,546</b>
At 31 December 2021	2,892	-	59	625	3,576

**Assets in the course of construction**

Assets in the course of construction relate to elements of the implementation of new software systems which are ongoing. These assets are not being depreciated. These assets will begin to be depreciated upon being brought into use.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****14 Intangible assets (continued)**

<b>Institute of Physics - Charity</b>	<b>Assets in course of construction £'000</b>	<b>Total £'000</b>
<i>Cost or valuation</i>		
At 1 January 2022	-	-
Additions	96	96
	<hr/>	<hr/>
<b>At 31 December 2022</b>	<b>96</b>	<b>96</b>
	<hr/>	<hr/>
<i>Accumulated amortisation</i>		
At 1 January 2022	-	-
	<hr/>	<hr/>
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>
<i>Net book value</i>		
<b>At 31 December 2022</b>	<b>96</b>	<b>96</b>
	<hr/>	<hr/>
At 31 December 2021	-	-
	<hr/>	<hr/>

**Assets in the course of construction**

Assets in the course of construction relate to costs of a new website being developed for the Charity which are ongoing. These assets are not being depreciated. These assets will begin to be depreciated upon being brought into use.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****15 Tangible assets**

	Unoccupied property	Freehold property	Short leasehold property	Fixtures and equipment	Total
Institute of Physics - Group	£'000	£'000	£'000	£'000	£'000
<i>Cost</i>					
At 1 January 2022	2,783	33,975	2,492	4,362	<b>43,612</b>
Additions	7	18	1,748	1,127	<b>2,900</b>
Disposals	(242)	-	(2,365)	(2,198)	<b>(4,805)</b>
<b>At 31 December 2022</b>	<b>2,548</b>	<b>33,993</b>	<b>1,875</b>	<b>3,291</b>	<b>41,707</b>
<i>Accumulated depreciation &amp; impairment</i>					
At 1 January 2022	-	(3,506)	(2,407)	(3,751)	<b>(9,664)</b>
Charge for the year	-	(809)	(86)	(331)	<b>(1,226)</b>
Impairment	(448)	(360)	-	-	<b>(808)</b>
Disposals	-	-	2,355	2,137	<b>4,492</b>
<b>At 31 December 2022</b>	<b>(448)</b>	<b>(4,675)</b>	<b>(138)</b>	<b>(1,945)</b>	<b>(7,206)</b>
<i>Net book value</i>					
<b>At 31 December 2022</b>	<b>2,100</b>	<b>29,318</b>	<b>1,737</b>	<b>1,346</b>	<b>34,501</b>
At 31 December 2021	2,783	30,469	85	611	33,948

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****15 Tangible assets (continued)**

<b>Institute of Physics - Charity</b>	<b>Unoccupied property £'000</b>	<b>Freehold property £'000</b>	<b>Short leasehold property £'000</b>	<b>Fixtures and equipment £'000</b>	<b>Total £'000</b>
<i>Cost</i>					
At 1 January 2022	2,783	33,975	2,362	304	<b>39,424</b>
Additions	7	18	1,738	65	<b>1,828</b>
Disposals	(242)	-	(2,362)	-	<b>(2,604)</b>
<b>At 31 December 2022</b>	<b>2,548</b>	<b>33,993</b>	<b>1,738</b>	<b>369</b>	<b>38,648</b>
<i>Accumulated depreciation &amp; impairment</i>					
At 1 January 2022	-	(3,506)	(2,362)	(175)	<b>(6,043)</b>
Charge for the year	-	(811)	(47)	(56)	<b>(914)</b>
Impairment	(448)	(360)	-	-	<b>(808)</b>
Disposals	-	-	2,362	-	<b>2,362</b>
<b>At 31 December 2022</b>	<b>(448)</b>	<b>(4,677)</b>	<b>(47)</b>	<b>(231)</b>	<b>(5,403)</b>
<i>Net book value</i>					
<b>At 31 December 2022</b>	<b>2,100</b>	<b>29,316</b>	<b>1,691</b>	<b>138</b>	<b>33,245</b>
At 31 December 2021	2,783	30,469	-	129	33,381

Included within Unoccupied Property is a property based in London and included within Freehold property is a property based in Ireland. Given fluctuations in commercial property markets, these properties were reviewed for impairment at the balance sheet date. The result of these reviews indicated that the recoverable amount of both properties was less than their carrying amount. A total impairment loss of £808k has therefore been recognised in the Statement of Financial Activities in the year ended 31 December 2022, apportioned across expenditure on Charitable Activities.

**16 Investments in subsidiary undertakings****Institute of Physics - Charity****Subsidiary  
undertakings****£'000***Cost and net book value*

At 1 January 2022 and 31 December 2022

**3,001**

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****16 Investments in subsidiary undertakings (continued)**

The IOP's subsidiary undertakings at 31 December 2022 were as follows:

Name	Country of incorporation / registration	Class of shares held	Percentage held	Nature of business	Year end
<i>Subsidiary undertakings</i>					
IOP Publishing Limited	UK	Ordinary	100%	Publishing	31 Dec 2022
IOP Enterprises Limited	UK	Ordinary	100%	Dormant	31 Dec 2022
IOP Educational Publishing Limited	UK	Ordinary	100% *	Dormant	31 Dec 2022
IOP Publishing Inc.	USA	Ordinary	100%	Publishing	31 Dec 2022
IOP Business Publishing Inc.	USA	Ordinary	100% ^	Publishing	31 Dec 2022
IOP Publishing Consultants (Beijing) Co. Limited	China	Ordinary	100% *	Publishing consulting	31 Dec 2022
Turpion Limited	UK	Ordinary	100% *	Publishing	31 Dec 2022
Turpion-Moscow Limited	Russia	Ordinary	100% +	Publishing	31 Dec 2022
IOP Publishing Moscow LLC	Russia	Ordinary	100% #	Publishing	31 Dec 2022
IOP Marketing and Promotion Services Private Limited	India	Ordinary	100% ~	Publishing	31 Mar 2023

\* The investments in IOP Educational Publishing Limited, IOP Publishing Consultants (Beijing) Co. Limited and Turpion Limited are held directly by IOP Publishing Limited.

^ The investment in IOP Business Publishing Inc. is held directly by IOP Publishing Inc.

+ The investment in Turpion-Moscow Limited is held directly by Turpion Limited.

# The investment in IOP Publishing Moscow LLC is owned 1% by IOP and 99% by IOP Publishing Limited.

~ The investment in IOP Marketing and Promotion Services Private Limited is 0.01% owned by IOP and 99.99% by IOP Publishing Limited.

IOP Enterprises Limited and IOP Educational Publishing Limited, as dormant entities, are exempt from preparing individual accounts under s394A of Companies Act 2006 and are exempt from the obligation to file accounts with the registrar by virtue of s448A of Companies Act 2006.

Address of IOP Publishing Limited is No.2 The Distillery, Glassfields, Avon Street, Bristol

Address of IOP Enterprises Limited is 37 Caledonian Road, London, N1 9BU

Address of IOP Educational Publishing Limited is No.2 The Distillery, Glassfields, Avon Street, Bristol

Address of IOP Publishing Inc. is 190 N. Independence Mall West Suite 601 Philadelphia, PA 19106, USA

Address of IOP Business Publishing Inc. is 190 N. Independence Mall West Suite 601 Philadelphia, PA 19106, USA

Address of IOP Publishing Consultants (Beijing) Co. Limited is Room 608, Building A, Raycom Info Tech Park, No.2 Kexueyuan South Road, Beijing China 100190

Address of Turpion Limited is No.2 The Distillery, Glassfields, Avon Street, Bristol

Address of Turpion-Moscow Limited is MIAN, 8 Gubkina Street, Room 915, Moscow 119991, Russia

Address of IOP Publishing Moscow LLC is Room 2, 7th floor, Building 2, 17 Skakovaya Street, Moscow, 125040, Russia.

Address of IOP Marketing and Promotion Services Private Limited is No 59, Empee Tower, Harris Road, Pudupet Chennai 600002, Tamil Nadu, India

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****16 Investments in subsidiary undertakings (continued)**

Details of the net assets, turnover, expenditure and profit for the year of IOP Publishing Limited, IOP Enterprises Limited, IOP Publishing Inc., IOP Business Publishing Inc., IOP Publishing Consultants (Beijing) Co. Limited, Turpion Limited and IOP Marketing and Promotion Services Private Limited are as follows:

Company Number		Net assets /(liabilities)	Turnover	Expenditure	Profit /(Loss)
		2022	2022	2022	2022
		£'000	£'000	£'000	£'000
IOP Publishing Limited	00467514	9,986	70,301	(60,048)	10,253
IOP Enterprises Limited	03471563	4	-	-	-
IOP Publishing Inc.	26-2659520	1,243	4,130	(3,571)	559
IOP Business Publishing Inc.	26-2301131	(175)	291	(277)	14
IOP Publishing Consultants (Beijing) Co. Limited	No.05292	378	1,983	(1,913)	70
Turpion Limited	02463452	(16)	-	(144)	(144)
IOP Publishing Moscow LLC	1217700419815	(29)	-	(54)	(54)
IOP Marketing and Promotion Services Private Limited	U74999TN2016FTC103739	127	334	(301)	33

Profit for the year of IOP Publishing Limited, IOP Enterprises Limited, IOP Publishing Inc., IOP Business Publishing Inc., and Turpion Limited are shown after the profits generated by each entity have been distributed by gift aid to the IOP.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****17 Investments**

	<b>Group and charity</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Market value at beginning of the year	<b>25,895</b>	22,953
Purchases in year	-	2,926
Disposal proceeds in year	-	(2,926)
Realised losses	-	(111)
Dividends accumulated into investments	<b>220</b>	-
Unrealised (losses)/gains	<b>(2,473)</b>	3,053
	<hr/>	<hr/>
Market value at end of the year	<b>23,642</b>	25,895
	<hr/>	<hr/>
Historical cost	<b>21,629</b>	21,629
	<hr/>	<hr/>
No investment management cost was incurred in 2022 or 2021.		

	<b>Group and charity</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
The analysis of investments by class is as follows:		
Vanguard FTSE Global All Cap Index Fund	<b>12,177</b>	13,277
BNY Mellon Real Return Fund Newton Institutional	<b>6,968</b>	7,513
CCLA COIF Charities Property Fund	<b>4,497</b>	5,105
	<hr/>	<hr/>
Market value of investments	<b>23,642</b>	25,895
	<hr/>	<hr/>
Total value of investments	<b>23,642</b>	25,895
	<hr/>	<hr/>

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****18 Debtors**

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	<b>22,244</b>	13,638	<b>81</b>	117
Other debtors	<b>3,584</b>	783	<b>581</b>	699
Amounts owed from Group undertakings	-	-	<b>110</b>	-
Prepayments and accrued income	<b>3,676</b>	4,201	<b>1,193</b>	1,137
<b>Total</b>	<b>29,504</b>	18,622	<b>1,965</b>	1,953

An impairment loss of £185k (2021: £36k) was recognised in the consolidated Statement of Financial Activities for the year in respect of bad and doubtful debtors. An impairment loss of £69k (2021: £20k) was recognised in the Charity Statement of Financial Activities for the year in respect of bad and doubtful debtors.

Amounts owed from Group undertakings are interest free and repayable on demand.

**19 Creditors: amounts falling due within one year**

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade creditors	<b>2,669</b>	1,354	<b>398</b>	424
Amounts owed to Group undertakings	-	-	-	71
Other creditors	<b>7,568</b>	6,272	<b>32</b>	5
Derivative financial instruments	<b>1,097</b>	210	-	-
Other taxes and social security	<b>677</b>	653	<b>207</b>	186
Accruals	<b>6,790</b>	5,339	<b>1,363</b>	750
Deferred income	<b>24,900</b>	17,735	<b>417</b>	545
<b>Total</b>	<b>43,701</b>	31,563	<b>2,417</b>	1,981

Amounts owed to Group undertakings are interest free and repayable on demand.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****19 Creditors: amounts falling due within one year (continued)**

Deferred income represents income received in advance:

	<b>Group</b>	Group	<b>Charity</b>	Charity
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Journals subscriptions	<b>23,935</b>	16,616	-	-
Membership income	<b>356</b>	306	<b>356</b>	306
Other	<b>609</b>	813	<b>61</b>	239
<b>Total</b>	<b>24,900</b>	17,735	<b>417</b>	545

**20 Financial instruments**

The Group's and charity's financial instruments may be analysed as follows:

	<b>Group</b>	Group	<b>Charity</b>	Charity
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	<b>23,642</b>	25,895	<b>23,642</b>	25,895
Financial assets measured at amortised cost	<b>55,225</b>	53,500	<b>13,470</b>	8,451
<b>Financial liabilities</b>				
Financial liabilities measured at fair value through profit or loss	<b>(1,097)</b>	(210)	-	-
Financial liabilities measured at amortised cost	<b>(17,026)</b>	(12,965)	<b>(1,792)</b>	(1,250)

Financial assets measured at fair value through profit or loss comprise fixed asset investments in a trading portfolio of listed company shares.

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by Group undertakings, accrued income, current asset investments and cash at bank.

Financial liabilities measured at fair value through profit or loss comprise the fair value of foreign currency exchange contracts.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to Group undertakings.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****21 Provisions for liabilities**

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>Dilapidations provision</i>				
At January 2022	<b>806</b>	806	<b>806</b>	806
New provisions	<b>272</b>	-	<b>272</b>	-
Adjustment on reassessment of dilapidations	<b>(306)</b>	-	<b>(306)</b>	-
	<b>772</b>	806	<b>772</b>	806

Included within provisions is a provision of £500k (2021: £806k) for costs relating to the exit of leasehold premises which are expected to crystallise in 2023. The remaining £272k (2021: £nil) is for costs relating to the exit of a leasehold premises which are expected to crystallise in 2032. The amount payable will be agreed through future negotiation at such point that an exit occurs.

**22 Movement on reserves**

	<b>General fund</b>	<b>Restricted funds</b>	<b>Pension (deficit)/ surplus</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Institute of Physics - Group</b>				
At 1 January 2021	74,690	3,303	(10,883)	<b>67,110</b>
Net income / (expense)	9,083	238	(4,533)	<b>4,788</b>
Exchange adjustments	-	-	-	-
Actuarial gains	-	-	11,782	<b>11,782</b>
At 31 December 2021	83,773	3,541	(3,634)	<b>83,680</b>
Net income / (expense)	(8,561)	(429)	4,545	<b>(4,445)</b>
Exchange adjustments	610	-	-	<b>610</b>
Actuarial losses	-	-	(215)	<b>(215)</b>
Balances carried forward as at 31 December 2022	<b>75,822</b>	<b>3,112</b>	<b>696</b>	<b>79,630</b>

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****22 Movement on reserves (continued)**

	General fund	Restricted funds	Pension (deficit)/ surplus	Total
	£'000	£'000	£'000	£'000
<b>Institute of Physics - Charity</b>				
At 1 January 2021	55,774	3,303	(10,883)	<b>48,194</b>
Net income / (expense)	9,129	238	(4,533)	<b>4,834</b>
Actuarial gains	-	-	11,782	<b>11,782</b>
At 31 December 2021	64,903	3,541	(3,634)	<b>64,810</b>
Net income / (expense)	2,519	(429)	4,545	<b>6,635</b>
Actuarial losses	-	-	(215)	<b>(215)</b>
Balances carried forward as at 31 December 2022	<b>67,422</b>	<b>3,112</b>	<b>696</b>	<b>71,230</b>

	Prize funds	Other funds	Total
	£'000	£'000	£'000
<b>Group and charity</b>			
<b>Restricted funds</b>			
Balance at 1 January 2021	50	3,253	<b>3,303</b>
Incoming resources	7	256	<b>263</b>
Resources expended	(7)	(326)	<b>(333)</b>
Unrealised gains on investments	-	308	<b>308</b>
Balance at 31 December 2021	50	3,491	<b>3,541</b>
Incoming resources	-	379	<b>379</b>
Resources expended	(1)	(496)	<b>(497)</b>
Unrealised losses on investments	-	(311)	<b>(311)</b>
Balance at 31 December 2022	49	3,063	<b>3,112</b>

Restricted funds are held by the IOP and were given to the IOP to spend towards specific projects and purposes. Prize funds are held by the IOP to give out as awards to individuals for their exceptional contribution towards physics. Other funds are to be spent on specific projects.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****22 Movement on reserves (continued)****Analysis of Net Assets by Fund**

	<b>General fund £'000</b>	<b>Restricted funds £'000</b>	<b>Pension surplus £'000</b>	<b>Total £'000</b>
<b>Institute of Physics Group</b>				
Intangible Fixed Assets	7,546	-	-	<b>7,546</b>
Tangible Fixed Assets	34,501	-	-	<b>34,501</b>
Investments	20,904	2,738	-	<b>23,642</b>
Current Assets	57,718	-	-	<b>57,718</b>
Current Liabilities	(44,075)	374	-	<b>(43,701)</b>
Non-current Assets	-	-	696	<b>696</b>
Non-current Liabilities	(772)	-	-	<b>(772)</b>
Balances carried forward	75,822	3,112	696	<b>79,630</b>

**23 Pensions**

The Group operates three pension schemes.

**Defined benefit pension scheme**

The Institute of Physics Retirement Benefits Plan 1975 was closed to new members on 31 December 2001. The IOP continues to support the scheme for those who were members on the effective date of closure.

A Group personal pension scheme was established to replace the defined benefit scheme with effect from 1 January 2002. This scheme closed to new members on 31 January 2014 and a new Group person pension scheme was established from 1 February 2014. The IOP has also designated a stakeholder pension scheme in compliance with the Pensions Act 1995.

The most recent FRS 102 valuation of the Institute of Physics Retirement Benefits Plan 1975 dated 31 December 2022 showed that the value of the scheme's assets as at that date was £76,899k (2021: £114,427k) and that the actuarial value of those assets represented 101% (2021: 97%) of the benefits that had accrued to members, after allowing for expected future increases in earnings.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****23 Pensions (continued)**

The principal actuarial assumptions used by the actuary at the balance sheet date were:

	<b>2022</b>	2021
	<b>%</b>	<b>%</b>
Discount rate	<b>4.75</b>	1.95
Aggregate long-term expected rate of return on assets (net of expenses)		
Inflation (RPI)	<b>3.20</b>	3.45
Inflation (CPI)	<b>2.55</b>	2.80
Future increases in deferred pensions:		
Rate of increase in salaries	<b>2.60</b>	2.85
Rate of increase to pensions in payment:		
Pre 2001 pension	<b>5.00</b>	5.00
2001-2006 pension	<b>3.20</b>	3.50
Post 2006 pension	<b>2.10</b>	2.20
	<b>Years</b>	<b>Years</b>
Mortality assumptions:		
Life expectancy of male aged 65 now	<b>21.9</b>	22.1
Life expectancy of male aged 65 in 20 years	<b>23.1</b>	23.3
Life expectancy of female aged 65 now	<b>24.4</b>	24.5
Life expectancy of female aged 65 in 20 years	<b>25.8</b>	25.9

Cash commutation:

**2022:** Members take 75% of their max allowable pension commencement lump sum on current terms

**2021:** Members take 75% of their max allowable pension commencement lump sum on current terms

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****23 Pensions (continued)***Reconciliation of fair value of plan liabilities:*

	<b>2022</b>	2021
	<b>£'000</b>	£'000
At the beginning of the year	<b>118,061</b>	119,622
Past service (income) / cost	<b>(3,606)</b>	7,400
Interest cost	<b>2,278</b>	1,601
Remeasurement gains:		
Actuarial gains	<b>(38,093)</b>	(8,495)
Benefits paid	<b>(2,437)</b>	(2,067)
	<hr/>	<hr/>
At the end of the year	<b>76,203</b>	118,061
	<hr/>	<hr/>

*Changes in the fair value of plan assets:*

	<b>2022</b>	2021
	<b>£'000</b>	£'000
At the beginning of the year	<b>114,427</b>	108,739
Interest income	<b>2,217</b>	1,468
Remeasurement (losses) / gains:		
Return on scheme assets excluding interest	<b>(38,308)</b>	3,287
Contributions by employer	<b>1,000</b>	3,000
Benefits paid including expenses	<b>(2,437)</b>	(2,067)
	<hr/>	<hr/>
At the end of the year	<b>76,899</b>	114,427
	<hr/>	<hr/>

Actual return on plan assets	<b>(36,091)</b>	4,755
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	<b>2022</b>	2021
	<b>£'000</b>	£'000
Fair value of plan assets	<b>76,899</b>	114,427
Actuarial value of plan liabilities	<b>(76,203)</b>	(118,061)
	<hr/>	<hr/>

Net pension scheme asset/ (liability)	<b>696</b>	(3,634)
	<hr/>	<hr/>

**Group and charity**

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Pension asset/ (liability) recognised on the balance sheet	<b>696</b>	(3,634)
	<hr/>	<hr/>

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****23 Pensions (continued)**

*Amounts recognised in profit or loss are as follows:*

	<b>Group and charity</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Past service (income)/cost	<b>(3,606)</b>	7,400
Net interest cost	<b>61</b>	133
Total	<b>(3,545)</b>	7,533

*Analysis of actuarial (loss) / gain recognised within the Statement of Financial Activities gains and losses category*

	<b>Group and charity</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Actual return less interest income included in net interest cost	<b>(38,308)</b>	3,287
Changes in assumptions underlying the present value of the scheme liabilities	<b>38,093</b>	8,495
Actuarial (loss) / gain on defined benefit pension scheme	<b>(215)</b>	11,782

*Composition of plan assets*

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Equities	<b>10,664</b>	23,917
Diversified growth funds	<b>10,702</b>	36,390
Annuities	<b>5,835</b>	7,876
Liability Driven Investment funds	<b>13,576</b>	32,617
Partners Fund	<b>11,996</b>	11,771
Cash	<b>24,126</b>	1,856
Total plan assets	<b>76,899</b>	114,427

**Defined contribution pension schemes**

The amount recognised in the Statement of Financial Activities as an expense in relation to the Group's defined contribution pension schemes is £2,398k (2021: £2,393k). There was no outstanding payable to the schemes at the year end of 2022 and 2021.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****24 Analysis of changes in net funds**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
(Decrease) / increase in cash and cash equivalents	<b>(10,038)</b>	9,005
Exchange translation	<b>610</b>	-
<b>Movement in net funds in the year</b>	<b>(9,428)</b>	9,005
Net funds brought forward	<b>37,642</b>	28,637
<b>Net funds carried forward</b>	<b>28,214</b>	37,642

**25 Commitments under operating leases****Group**

The Group has minimum lease payments under non-cancellable operating leases as set out below:

	<b>Land and buildings</b>	<b>Land and buildings</b>
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Not later than 1 year	<b>559</b>	392
Later than 1 year and not later than 5 years	<b>2,456</b>	476
Later than 5 years	<b>2,412</b>	-
	<b>5,427</b>	868

**Charity**

The charity has minimum lease payments under non-cancellable operating leases as set out below:

	<b>Land and buildings</b>	<b>Land and buildings</b>
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Not later than 1 year	<b>148</b>	-
Later than 1 year and not later than 5 years	<b>2,363</b>	-
Later than 5 years	<b>2,412</b>	-
	<b>4,923</b>	-

The Temple Circus lease expired in 2021. During 2022, the IOP exited the lease for Temple Circus and in February 2022, signed a lease for a new property in Bristol, The Distillery.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****25 Commitments under operating leases (continued)**

Under the terms of the new lease for The Distillery, the charity and the Group has minimum lease payments as follows:

	<b>Land and buildings 2022 £'000</b>
Not later than 1 year	<b>148</b>
Later than 1 year and not later than 5 years	<b>2,363</b>
Later than 5 years	<b>2,412</b>
	<hr/> <b>4,923</b> <hr/>

Lease payments recognised under 'other expenditure' in the period were £830k (2021: £915k).

**26 Amounts receivable under operating leases**

The charity has minimum lease payments receivable under non-cancellable operating leases as set out below:

	<b>Land and buildings 2022 £'000</b>	<b>Land and buildings 2021 £'000</b>
Not later than 1 year	<b>715</b>	-
Later than 1 year and not later than 5 years	<b>2,860</b>	-
Later than 5 years	<b>2,920</b>	-
	<hr/> <b>6,495</b> <hr/>	<hr/> - <hr/>

During 2022, the IOP exited its old lease and entered into a new lease in Bristol expiring in 2032, which is the trading address of its subsidiary IOP Publishing Limited.

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****27 Related parties**

The transactions noted below are all reported due to the individuals being trustees, directors or key management personnel.

**Sales by IOP Publishing Limited in 2022**

Individual	Related organisation	Role within related organisation	Description of transaction	Sales by IOPP in 2022 (£)	Amount outstanding at 2022 year end (£)
Martin Freer	University of Birmingham	Director of the Birmingham Energy Institute and Director of the Energy Research Accelerator	Read & Publish licence fee	65,333	-
Tariq Ali		Deputy Pro-Vice Chancellor			
Martin Hendry	University of Glasgow	Clerk of Senate & Vice Principal. Professor of Gravitational Astrophysics & Cosmology	Article publication charges & subscriptions	1,130	-
Sheila Rowan		Director of Institute for Gravitational Research			
Alix Pryde	Queen Mary University of London	Member of Council	Article publication charges	1,792	-
David Delpy	Brunel University	Member of Council	Article publication charges & subscriptions	1,100	-
Peter Thompson	National Physics Laboratory	CEO	Article publication charges & subscriptions	14,536	-
Sheila Rowan	Science & Technology Funding Council (STFC)	Senior Independent Member of Council	Advertising in Physics World	4,500	-
Sheila Rowan	UK Research & Innovation (UKRI)	Member of STFC	Advertising in Physics World	13,500	-
Sheila Rowan	Cardiff University School of Physics and Astronomy	Member of External Advisory Panel	Advertising in Physics World	500	-

**Purchases by IOP Publishing Limited in 2022**

Individual	Related organisation	Role within related organisation	Description of transaction	Purchases by IOPP in 2022 (£)	Amount outstanding at 2022 year end (£)
Miriam Maus	The Publishers Association	Director	Copyright infringement portal	7,625	4,680
Antonia Seymour		Director			
Antonia Seymour	STM Association	Board Member	Membership and Taskforce subscriptions	39,060	-
Eefke Smit		Director of Standards and Technology			
Sarah Flannigan	Self employed		Consultancy	10,744	-

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****27 Related parties (continued)****Amounts invoiced by the IOP in 2022**

Individual	Related organisation	Role within related organisation	Description of transaction	Invoiced by the IOP in 2022 (£)	Amount outstanding at 2022 year end (£)
Peter Thompson	National Physics Laboratory	CEO	Sponsorship income	1,000	-
Tariq Ali	University of Loughborough	Board member	Sponsorship income	793	-
Claudia Eberlein		Dean of Science & Professor of Theoretical Physics			
John Dainton	Royal Society of Publishing	Editor in Chief	Sponsorship income	3,000	-
Sheila Rowan	Science & Technology Facilities Council	Senior Independent Member of Council	Sponsorship income	2,500	2,000
			Contribution to School Grants Scheme	20,000	-

**Purchases by the IOP in 2022**

Individual	Related organisation	Role within related organisation	Description of transaction	Purchases by the IOP in 2022 (£)	Amount outstanding at 2022 year end (£)
Paul Hardaker*	Sense about science	Council member	Room hire	3,000	-
Martin Freer	University of Birmingham	Director of the Birmingham Energy Institute & Director of the Energy Research Accelerator at the University of Birmingham	Sponsorship	500	-
Tariq Ali*		Deputy Pro-Vice Chancellor			
Martin Hendry	University of Glasgow	Clerk of Senate & Vice Principal. Professor of Gravitational Astrophysics & Cosmology	Grants & bursaries	2,500	-
Sheila Rowan		Director of Institute for Gravitational Research	Conference costs	22,500	-
	Science & Technology Facilities Council	Senior Independent Member of Council	Conference costs	34,005	-
Keith Burnett	STEM Learning Ltd	Strategic Panel Member	Consultancy	223,661	27,584
			Delivery of SPN Contract	122,230	
			Staffing costs	52,114	
David Delpy	Brunel University	Council member	Room hire	3,000	-

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****27 Related parties (continued)****Sales by IOP Publishing Limited in 2021**

Individual	Related organisation	Role within related organisation	Description of transaction	Sales by IOPP in 2021 (£)	Amount outstanding at 2021 year end (£)
Martin Freer	University of Birmingham	Director of the Birmingham Energy Institute & Director of the Energy Research Accelerator	Article publication charges & subscriptions	66,057	6,810
Tariq Ali		Deputy Pro-Vice Chancellor	Advertising	3,495	
Martin Hendry	University of Glasgow	Professor of Gravitational Astrophysics & Cosmology	Article publication charges & subscriptions	59,440	-
Sheila Rowan		Director of Institute for Gravitational Research			
Phillip Burrows	Deutsches Elektronen Synchrotron (DESY)	Chair of the Physics Review Committee	Article publication charges	9,429	-
Sheila Rowan	Science and Technology Facilities Council (STFC)	Director of the Institute for Gravitational Research, School of Physics and Astronomy	Advertising	2,745	-
Mark Telling #		Associate Director	Article publication charges	1,465	-
Alix Pryde	Queen Mary University of London	Member of Council	Article publication charges	4,130	-
Claudia Eberlein	Loughborough University	Dean of Science, Professor of Theoretical Physics & Member of Council	Article publication charges	1,550	-
Tariq Ali		Member of the board - Industrial Policy Research Centre UK at University of Loughborough/ MTC			
Brian Fulton #	University of York	Dean of faculty of Sciences & member of University Executive Board	Article publication charges	80,067	-
			Advertising	1,000	-
Wendy Flavell #	University of Manchester	Vice Dean for Research in Faculty of Science and Engineering and Deputy Head of School in Department of Physics and Astronomy	Article publication charges	79,730	-
			Advertising	3,079	-

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****27 Related parties (continued)****Purchases by IOP Publishing Limited in 2021**

<b>Individual</b>	<b>Related organisation</b>	<b>Role within related organisation</b>	<b>Description of transaction</b>	<b>Purchases by IOPP in 2021 (£)</b>	<b>Amount outstanding at 2021 year end (£)</b>
Miriam Maus	The Publishers Association	Director	Membership subscriptions	46,702	-
Sarah Flannigan	Independent consultant		Consultancy services	5,941	-
Paul Hardaker	Sense about Science	Trustee	Partnership grant	10,000	-
Eefke Smit	STM Association	Director of Standards and Technology	Membership and Taskforce subscriptions	43,378	3,333
Antonia Seymour		Board member			

**Amounts invoiced by the IOP in 2021**

<b>Individual</b>	<b>Related organisation</b>	<b>Role within related organisation</b>	<b>Description of transaction</b>	<b>Invoiced by the IOP in 2021 (£)</b>	<b>Amount outstanding at 2021 year end (£)</b>
Sheila Rowan	Science and Technology Facilities Council (STFC)	Director of the Institute for Gravitational Research, School of Physics and Astronomy	Sponsorship income	9,587	-
Mark Telling #		Associate Director	Project income	20,000	-

**Institute of Physics****Trustees' Annual Report and Financial Statements for the year ended 31 December 2022****Notes forming part of the financial statements (continued)****27 Related parties (continued)****Purchases by the IOP in 2021**

Individual	Related organisation	Role within related organisation	Description of transaction	Purchases by the IOP in 2021 (£)	Amount outstanding at 2021 year end (£)
Paul Hardaker	Sense about science	Trustee	IOP annual partnership grant +	25,000	-
Martin Freer	University of Birmingham	Director of the Birmingham Energy Institute and Director of the Energy Research Accelerator at the University of Birmingham	Grants and bursaries	1,555	-
Tariq Ali		Deputy Pro-Vice Chancellor			
Martin Hendry	University of Glasgow	Professor of Gravitational Astrophysics & Cosmology	Grants & bursaries	150	-
Sheila Rowan		Director of Institute for Gravitational Research			
Alix Pryde	Queen Mary University of London	Member of Council	Grants & bursaries	150	-
Brian Fulton #	University of York	Dean of faculty of Sciences & member of University Executive Board	Grants & bursaries	51,495	-

\* Retired 30 September 2022

# Retired 30 September 2021

+ Paul Hardaker was not involved in any decision making related to the Sense about Science Partnership Grant

The charity did not receive any donations with conditions from the trustees or other related party (2021: £nil).

No individual listed above was involved in any way with decisions related to, or taken on, the IOP's expenditure with these related organisations in 2022 or 2021.

The Institute of Physics (IOP) is the professional body and learned society for physics in the UK and Ireland. It seeks to raise public awareness and understanding of physics, inspire people to develop their knowledge, understanding and enjoyment of physics and support the development of a diverse and inclusive physics community. As a charity, it has a mission to ensure that physics delivers on its exceptional potential to benefit society.

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