

Financial Statements

for the year ended 31 December 2012

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2012 TRUSTEES ANNUAL REPORT

The Trustees are pleased to present their Report and Accounts of the Society and the trading subsidiary for the year ended 31 December 2012.

The Society operates both in the UK and worldwide and is registered with the UK Charity Commission under registration number 229642. The Society is also registered in Scotland under registration number SC039452. The Trustees are responsible for ensuring that the financial statements prepared give a true and fair view of the group's activities and are presented in accordance with the Statement of Recommended Practice (SORP) 2005.

General and financial activities

The Consolidated Statement of Financial Activities for the year is set out on page 9 of the full financial statements.

Review of 2012

Income

The Society has had another good year and has been able to return another surplus to reserves. This will aid the future development of the Society and the profession. The difficult decisions that had to be taken after the poor performance in 2009 have ensured that the Society is now a much stronger organisation and able to develop accordingly. The income for the year is up despite the difficult trading conditions, and many areas continue to perform well. The Trustees are aware that there are significant threats to income in the future and the Chief Executive and the Senior Management Team are dealing with these issues.

Expenditure

The Society has worked hard to ensure that costs are kept under control and that it achieves value for money. Whilst salaries for the year were significantly less than expected, this was due to the new posts created under the reorganisation of the policy team remaining unfilled until the final quarter of the year. There has been preparation for major remedial work (roof repairs and replacement of the windows, which are the originals from 1975) at the Leicester office. Despite planning problems, both projects have now been approved and tenders are in the process of being accepted. Work is expected to start shortly.

Structure, Governance and Management

The Society is governed by Royal Charter originally granted in February 1965 and subsequently revised, the last update being completed in November 2010. The objects are 'to promote the advancement and diffusion of the knowledge of psychology pure and applied and especially to promote the efficiency and usefulness of members of the Society by setting up a high standard of professional education and knowledge'.

Society information, including the details of the Chief Executive and the Trustees, can be found on the back page of the full statutory accounts. The Trustees are responsible for the governance of the Society, while the day-to-day management is devolved to the chief executive and the senior management team. The senior managers are: Nigel Atter (Director of Policy), Simon Bowen (Director of Membership Support and Services), Russell Hobbs (Director of Finance) and Mike Laffan (Director of Corporate Services). The Chief Executive is Professor Ann Colley.

2012 TRUSTEES ANNUAL REPORT (Continued)

Governance and internal control

The term of office for Trustees is three years. The Trustees meet at regular intervals during the year to review strategy and performance and to set the operating plans and budgets. The Presidential team comprises three posts: President, President elect and Vice President. The same person fills each post in consecutive years and each post is for one year's duration.

Charity legislation requires the Trustees to prepare consolidated financial statements for each financial year that give a true and fair view of the state of affairs of the Society and of the surplus or deficit for that period. In preparing those consolidated financial statements, the Trustees have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepared the consolidated financial statements on the going concern basis.

The Trustees have overall responsibility for ensuring that the Society has appropriate systems of control, financial and otherwise. They are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the consolidated financial position of the Society and enable them to ensure that the consolidated financial statements comply with Regulation 7 (2) of the Charities (Accounts and Reports) Regulations 2005 (SI2005/572). They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps to ensure the prevention and detection of fraud and other irregularities.

In so far as the Trustees are, individually, aware:

- there is no relevant audit information of which the Society's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Investment policy and returns

The Society investments were professionally managed during the year by Investec Wealth and Investment. In 2011 the fund was split so that so that 75 per cent is subject to moderate risk while the remaining 25 per cent has a higher risk ratio. It was felt this was appropriate for an organisation of the size of the Society and the Trustees have also agreed a policy of ethical investment, which is reviewed on a regular basis. The last year has seen improved returns and this is reflected in the accounts

The Trustees have reviewed the reserves in line with guidance from the Charity Commission. They have included unrestricted funds, restricted funds and the designated funds and have agreed the following.

Society Reserves

Unrestricted funds

The Trustees feel they need to take a prudent view of the future, particularly with respect to the world economic situation, in order to be able to maintain the viability of the organisation. They have decided that a reserves level equivalent to nine months' income is appropriate for an organisation of this size and complexity.

2012 TRUSTEES ANNUAL REPORT (Continued)

Restricted funds

The Society has a number of restricted funds at its disposal and the Trustees review these on a regular basis.

Designated funds

These funds represent amounts set aside for improvements to the infrastructure of the organisation, particularly IT and property improvement. The refurbishment of the Leicester office will go ahead in 2013 with repairs to the roof and replacement of the windows. The second stage will involve refurbishment of the central core, including the reception area and lavatories. The rest of the work will, depending on budget constraints, follow after this.

Achievements and Performance

The Trustees are aware of their obligations in respect of Charities and Public Benefit as defined by the Charities Act 2006. The Society aims to promote the science and practice of psychology while ensuring that the public can access and derive benefit from psychological knowledge. Below is a summary of some of the events that have taken place during the year and are relevant to its Royal Charter and Objectives.

1. Membership and Registration.

Chartered membership is at an all time high, despite the challenging economic environment. Graduate membership also remains broadly stable and demonstrates keen demand for the status and recognition of the designation MBPsS.

Our subscriber packages, for those who have an interest in psychology but are not undertaking Society-accredited training, are proving popular and we have seen this membership grow by 36%. Attracting people to the Society for access to resources and information is an important part of our strategy, ensuring that the information they receive is learned, professional and qualified.

2. Providing excellent publications and events.

We continued to publish *the Psychologist*, on time and to budget throughout the year. It fulfils a primary function as a forum for discussion, debate and the dissemination of knowledge of psychology. The *Research Digest* is regularly praised by a large and influential audience while the newer *Occupational Digest* has been well-received and grown in readership.

The Annual Conference was held in London and attracted nearly 800 delegates. Throughout the year we have had continued success with our Member Network Conferences and over 19 were held. They attracted over 3,000 delegates and the Conferences and Events Team have processed a total of 6,546 bookings in 2012, with a target of 7,000 to the year end. Over half of these bookings have been routed via the Society electronic portal which has continued to prove popular with both members and the public alike.

2012 TRUSTEES ANNUAL REPORT (Continued)

3. Inspiring people of all ages to engage with the discipline.

The event “Psychology 4 Students” was held in Nottingham and London during the year. Both were sold out, attracting over 1,200 students across the two events. The speaker line-up was particularly strong and there were supplementary workshops and interactive displays for the participants. We have also engaged with students via attendance at the De Montfort University Freshers’ Fair and a number of other university events throughout the country.

Our news stories have allowed relevant psychologists to share their research with the wider public, and both Facebook and Twitter have helped us to bring psychology to a wider audience. We have also provided a number of public engagement grants and have recently increased the funding for these. We were in attendance at the Big Bang Science Fair and the British Science Association Science Festival while the Society’s Branches have run a number of regional events designed to engage with the public.

4. Providing high quality careers information.

The careers brochure has been revised and is in high demand, reflecting the high-quality information provided. A booklet entitled ‘Your Journey into Psychology’ has also been produced and has been distributed widely. Approximately 10,000 hardcopies were made available while the digital version has been viewed over 35,000 times. The Directory of Voluntary Career Speakers has also been re-organised and is now available as a searchable list on the Society’s website.

5. Campaigning on our own, or with others, when the discipline has a contribution to make.

The Society, via the Research Board has collaborated with the Science Council on presentations at the Labour Party Conference and Conservative Party Conference fringe events. Meanwhile, the Joint Committee for Psychology in Higher Education has brought together the Society, the Experimental Psychological Society and Association of Heads of Psychological Departments to lobby on behalf of the discipline. The Society has also joined with various other organisations to issue statements and joint letters on topics of mutual concern, the most recent being on quantitative skills.

6. Promoting the highest standards in learning and teaching, professional practice and research.

We have reviewed our standards for the accreditation of undergraduate and conversion programmes. This is in light of both the *Future of Undergraduate Psychology in the UK* report, published in 2011, and more general drivers towards liberalising the curriculum for the Graduate Basis for Chartered Membership of the Society. This work included a successful liaison day between members of the Undergraduate Education Committee and programme providers in May 2012 to ensure their active input into the review process.

7. Recognising and celebrating the highest standards and achievements

During the year a number of new Honorary Fellows and Honorary Life Members were elected. Prior to this there had been a revision of the Fellowship criteria to improve the accessibility of the title to practitioners and to those who have given excellent service to the Society.

A number of Society Boards already operate a number of award schemes and more are planned:

2012 TRUSTEES ANNUAL REPORT (Continued)

Public benefit

The Trustees have reviewed this matter, in conjunction with the guidance contained in the Charity Commission's general guidance on public benefit, and have concluded:

- that the aims of the organisation continue to be charitable;
- that the aims and work done give identifiable benefits to the charitable sector and that members of the public are aware of the high standards and education that members achieve;
- that the benefits are for the public, are not unreasonably restricted in any way and certainly not by ability to pay;
- that there is no detriment or harm arising from the aims or activities;
- that the public are made aware of developments in the profession and the science that affect their daily lives;
- that membership fees are modest and that there is a grade of membership that is open to the public who share an interest in the profession; and
- that the courses and the website are available to all and not just members.

Risk Assessment

The Trustees are aware of their responsibilities in terms of risk assessment. A small committee of the Trustees met twice in 2012; this group includes representatives from the Trustee body as well as the Director of Finance. The risk register was revised to better reflect the risks to which the Society is currently exposed and a number of other areas were reviewed during the year.

Employee involvement and employment

Society employees are always consulted on issues of concern to them and, where appropriate, individual consultation has taken place. All employees are regularly kept up to date on specific matters by department directors. The Society continues to negotiate with the recognised trade union, Unite, on all matters regarding terms and conditions of employment.

Auditors

RSM Tenon Audit Ltd are responsible for the audit of the Society and their help and advice is much appreciated by the Trustees, the Chief Executive and other members of the Senior Management Team.

Dr R.D.R. Mallows
Honorary Treasurer

1 March 2013

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE BRITISH PSYCHOLOGICAL SOCIETY

We have audited the financial statements of The British Psychological Society for the year ended 31 December 2012 which comprise the consolidated statements of financial activities, the consolidated balance sheet, the Society balance sheet, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Society's trustees, as a body in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Society's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 2, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. We report in accordance with regulations made under section 154 of that Charities Act 2011 and the regulations made under the Charities and Trustee Investment (Scotland) Act 2005. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, of the state the Society's and the Group's affairs as at 31 December 2012 and of the Group's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE BRITISH PSYCHOLOGICAL SOCIETY (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 and the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us 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; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Kelly Boorman (Senior Statutory Auditor)
For and on behalf of

RSM Tenon Audit Limited
Statutory Auditor
Rivermead House
7 Lewis Court
Grove Park
Leicester
LE19 1SD

RSM Tenon Audit Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2012

| | | 2012 | 2012 | 2012 | 2012 | 2011 |
|--|------|---------------------------|------------------------------|------------------------------|----------------|----------------|
| | Note | General Funds £'000 | Designated Funds £'000 | Restricted Funds £'000 | Total £'000 | Total £'000 |
| Incoming Resources: | | | | | | |
| Activities in furtherance of the Charity's objectives: | | | | | | |
| Subscriptions | 1b | 5,677 | - | - | 5,677 | 5,642 |
| Registers and Directories | | 761 | - | - | 761 | 562 |
| Conferences and events | | 1,157 | - | - | 1,157 | 1,114 |
| Journals & Book publishing | 2 | 1,785 | - | - | 1,785 | 1,738 |
| Other income and grants | 3 | 1,622 | - | - | 1,622 | 1,820 |
| Activities for generating funds: | | | | | | |
| Trading income | 5 | 652 | - | - | 652 | 624 |
| Investment income | 4 | 211 | - | - | 211 | 229 |
| Total Incoming Resources | | 11,865 | - | - | 11,865 | 11,729 |
| Resources Expended: | | | | | | |
| Costs of activities in furtherance of the Charity's objectives: | | | | | | |
| | 6 | | | 5 | | |
| Advancement of Psychology | | 1,851 | - | - | 1,856 | 1,792 |
| Application of Psychology | | 1,598 | - | - | 1,598 | 1,691 |
| Conferences and events | | 1,179 | - | - | 1,179 | 1,105 |
| Co-operation with other organisations | | 212 | - | - | 212 | 211 |
| Diffusion of knowledge | | 1,708 | - | - | 1,708 | 1,715 |
| Examinations and training | | 1,086 | - | - | 1,086 | 1,038 |
| Membership and Conduct | | 1,857 | - | - | 1,857 | 1,852 |
| Science and Policy | | 635 | - | - | 635 | 635 |
| Governance | | 120 | - | - | 120 | 112 |
| Cost of generating funds: | | | | | | |
| Trading costs | 5 | 485 | - | - | 485 | 509 |
| Investment management fees | 4 | 27 | - | - | 27 | 29 |
| Total Resources expended | | 10,758 | - | 5 | 10,763 | 10,689 |
| Net incoming / (outgoing) resources | | 1,107 | - | (5) | 1,102 | 1,040 |
| Gains / (losses) on investments | | 516 | - | - | 516 | (283) |
| Net Movement in Funds | | 1,623 | - | (5) | 1,618 | 757 |
| Funds brought forward as at 1 January 2012 | | 9,733 | 1,000 | 82 | 10,815 | 10,058 |
| Funds carried forward as at 31 December 2012 | | 11,356 | 1,000 | 77 | 12,433 | 10,815 |

CONSOLIDATED BALANCE SHEET
at 31 December 2012

| | Note | 2012 | 2011 |
|---|------|---------|---------|
| | | £'000 | £'000 |
| Fixed assets | | | |
| Tangible assets | 10 | 4,144 | 4,337 |
| Investments | 11 | 6,770 | 6,116 |
| | | 10,914 | 10,453 |
| Current assets | | | |
| Debtors | 12 | 1,708 | 1,857 |
| Cash | | 2,661 | 2,052 |
| | | 4,369 | 3,909 |
| Creditors: amounts falling due within one year | 13 | (2,610) | (3,187) |
| Net current assets | | 1,759 | 722 |
| Total assets less current liabilities | | 12,673 | 11,175 |
| Creditors: amounts falling due after more one year | 13a | (240) | (360) |
| Net assets | | 12,433 | 10,815 |
| Represented by: | | | |
| General funds | | 11,356 | 9,733 |
| Designated funds | 14b | 1,000 | 1,000 |
| Unrestricted funds | 14a | 12,356 | 10,733 |
| Restricted funds | 14c | 77 | 82 |
| Total funds | 15 | 12,433 | 10,815 |

SOCIETY BALANCE SHEET
at 31 December 2012

| | Note | 2012 | 2011 |
|---|------|---------|---------|
| | | £'000 | £'000 |
| Fixed assets | | | |
| Tangible assets | 10 | 4,144 | 4,337 |
| Investments | 11 | 6,770 | 6,116 |
| | | 10,914 | 10,453 |
| Current assets | | | |
| Debtors | 12 | 1,781 | 1,727 |
| Cash | | 2,614 | 2,036 |
| | | 4,395 | 3,763 |
| Creditors: amounts falling due within one year | 13 | (2,636) | (3,041) |
| Net current assets | | 1,759 | 722 |
| Total assets less current liabilities | | 12,673 | 11,175 |
| Creditors: amounts falling due after one year | 13a | (240) | (360) |
| Net assets | | 12,433 | 10,815 |
| Represented by: | | | |
| General funds | | 11,356 | 9,733 |
| Designated funds | 14b | 1,000 | 1,000 |
| Unrestricted funds | 14a | 12,356 | 10,733 |
| Restricted funds | 14c | 77 | 82 |
| Total funds | 15 | 12,433 | 10,815 |

Approved by the Board of Trustees on 1 March 2013 and signed on its behalf by:

Professor P F Maras
Honorary General Secretary

Dr R D R Mallows
Honorary Treasurer

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2012

| | Note | 2012 £'000 | 2011 £'000 |
|--|------|---------------|---------------|
| Net cash inflow from operating activities | 16 | 594 | 887 |
| Returns on investments | | ----- | ----- |
| Investment income | | 138 | 156 |
| Bank and money market interest | | 73 | 73 |
| Net cash inflow from returns on investments | | ----- | ----- |
| | | 211 | 229 |
| Capital expenditure and financial investment | | | |
| Payments to acquire tangible fixed assets | | (57) | (73) |
| Payments to acquire or increase investments | | (1,742) | (2,096) |
| Receipts from sales of investments | | 1,603 | 1,516 |
| Net cash outflow from investing activities | | ----- | ----- |
| | | (196) | (653) |
| Increase in cash | 17 | ----- | ----- |
| | | ===== | ===== |
| | | 609 | 463 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2012

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, as modified by the annual revaluation of listed investments to market value, and in accordance with applicable United Kingdom accounting standards. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting and Reporting by Charities, published in March 2005, and applicable Accounting Standards.

(a) *Basis of consolidation*

The group financial statements consolidate the financial statements of the Society and its subsidiary undertaking at 31 December using acquisition accounting. As the entire net profits of the Society's 100% subsidiary are Gift Aided to the Society, no separate Statement of Financial Activities for the Society has been prepared. The principal accounting policies adopted by the Society are as follows:

(b) *Income recognition*

Members' subscriptions represent subscriptions in respect of the accounting year and arrears received during the year. Subscriptions received in advance relating to the subsequent year are excluded from income and carried forward as deferred income. Other incoming resources are recognised on an accruals basis.

(c) *Charitable expenditure*

All expenditure is accounted for on an accruals basis and has been classified under headings that the Trustees feel are consistent with the objectives of the Charity. Where costs cannot be directly attributed to a particular objective they have been allocated to activities on a basis consistent with the use of resources.

(d) *Support costs*

These too are accounted for on an accruals basis and comprise of those costs which are not regarded as direct charitable expenditure or cannot readily be allocated to any one heading. These costs include, inter alia, the costs of managing the Society's assets, organisational management, together with administration and compliance with constitutional and statutory requirements. Also included are those costs for Leicester and London premises, equipment repairs, system development and depreciation. Legal and professional fees and audit costs are also included as well as VAT written off.

(e) *Tangible fixed assets and depreciation*

Tangible fixed assets are initially recorded at cost. As permitted under Financial Reporting Standard 15, the Society has not adopted a policy of revaluing its tangible fixed assets. Depreciation is provided on the straight line basis at rates estimated to write off the assets over the rest of their economic lives. A full year's depreciation is taken in the year of acquisition. No depreciation is provided on freehold land. The rates used for other assets are as follows:

| | |
|---|-----------------|
| Freehold buildings purchased | - 2% per annum |
| Subsequent improvements to freehold buildings | - 10% per annum |
| Computer equipment | - 33% per annum |
| Printing equipment | - 20% per annum |
| Office equipment, principally furniture | - 10% per annum |

(f) *Investments and investment income*

All listed investments are stated at market value. Both realised and unrealised gains and losses are shown in the Consolidated Statement of Financial Activities. Income arising on investments is accounted for on a received basis and the Statement of Financial Activities includes the net gains and losses arising from revaluations and disposals throughout the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2012

1. ACCOUNTING POLICIES (*continued*)

(g) *Divisions, Special Groups, Sections and Branches (Member Networks)*

The financial statements of the member networks are prepared and audited to 31 December in each year for incorporation into the Society's annual financial statements.

(h) *Value added tax (VAT)*

The Society is treated as partially exempt for VAT purposes. Consequently not all input tax is able to be reclaimed. Any residual amount becomes an expense of the Society and this amount is included in Support Costs.

(i) *Taxation*

The Society is not liable to corporation tax as it is a registered charity.

(j) *Pension scheme*

The Society operates a defined contribution pension scheme for members of staff. The assets of the scheme are invested and managed independently of the finances of the Society. The pension cost charge represents contributions payable in the year to the Society pension scheme and also to the USS pension scheme which is treated as a defined contribution scheme from the perspective of the Society.

(k) *Fund accounting*

The Society has various types of funds for which it is responsible and which require separate disclosure. These are as follows:

General Funds

This contains funds that are expendable at the discretion of the Officers of the Society in the furtherance of the objectives of the Society.

Designated Funds

The Society may, following approval of the Officers of the Society, set aside funds for specific purposes that would otherwise form part of the general funds.

Restricted Funds

These comprise funds and donations to the Society that are restricted to the furtherance of one or more specific objectives of the Society.

(l) *Society Library*

The Society has a comprehensive collection of books and periodicals housed at the University of London's Senate House, Malet Street, London. This is impossible to value and it is written down to £2 every year and included in the balance sheet at this notional figure.

(m) *Society journals*

In 2010 the Society received £600,000 from Wiley Blackwell relating to the transfer of the journals contract. It was decided to write this down over the life of the contract. In 2012 £120,000 (2011: £120,000) was released from this fund and included in journal income. At 31 December 2012 £240,000 (2011: £360,000) remained in this fund and this will be released over the next two years, the remaining life of the contract.

(n) *Operating leases*

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight line basis over the period of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2012

2. JOURNALS AND BOOK PUBLISHING

| | 2012 £'000 | 2011 £'000 |
|---|---------------------|---------------------|
| Income from journal subscriptions and sales | 1,768 | 1,719 |
| Income from book and publications sales | 17 | 19 |
| | <u>1,785</u> | <u>1,738</u> |
| | <u><u>1,785</u></u> | <u><u>1,738</u></u> |

3. OTHER INCOME

| | 2012 £'000 | 2011 £'000 |
|---------------------|---------------------|---------------------|
| Other publications | 41 | 37 |
| Advertising revenue | 228 | 238 |
| Examination income | 548 | 723 |
| Quality assurance | 406 | 263 |
| Mailing services | 45 | 55 |
| Rental income | 149 | 135 |
| Learning Centre | 169 | 225 |
| CRB income | 19 | 35 |
| Sundry income | 17 | 109 |
| | <u>1,622</u> | <u>1,820</u> |
| | <u><u>1,622</u></u> | <u><u>1,820</u></u> |

4. INVESTMENT INCOME

| | 2012 £'000 | 2011 £'000 |
|--------------------------------|-------------------|-------------------|
| Income from listed investments | 138 | 156 |
| Bank and money market interest | 73 | 73 |
| | <u>211</u> | <u>229</u> |
| | <u><u>211</u></u> | <u><u>229</u></u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2012

5. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

The Society is the owner, through nominees, of BPS Communications Limited, which publishes *the Psychologist* and other related activities of The British Psychological Society. The company Gift Aids any profits to the Society each year.

The company has an accounting period ending 31 December and the financial statements of the Society include the Gift Aid income in respect of the company's period ended on 31 December.

The company's trading results for the twelve months to 31 December 2012 are shown below.

| | 2012 | 2011 |
|------------------------|--------------------|--------------------|
| | £'000 | £'000 |
| Turnover | 652 | 624 |
| Cost of sales | <u>(302)</u> | <u>(274)</u> |
| Gross profit | 350 | 350 |
| Distribution costs | (237) | (232) |
| Administrative costs | <u>(152)</u> | <u>(166)</u> |
| (Loss) before interest | (39) | (48) |
| Interest | - | - |
| Loss for year | <u><u>(39)</u></u> | <u><u>(48)</u></u> |

Administrative costs include £17,000 (2011: £17,000) in respect of services provided by the Society. Trading costs, excluding these costs, amount to £652,000 (2011: £657,000).

The assets and liabilities of the subsidiary are:

| | 2012 | 2011 |
|---|-----------------|-----------------|
| | £'000 | £'000 |
| Current assets: | | |
| Debtors | 163 | 230 |
| Cash at bank | <u>47</u> | <u>15</u> |
| | 210 | 245 |
| Creditors: amount falling within one year | <u>(210)</u> | <u>(245)</u> |
| | <u><u>-</u></u> | <u><u>-</u></u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2012

6. TOTAL RESOURCES
EXPENDED

| | Direct activities £'000 | Direct salaries £'000 | Support costs £'000 | 2012 £'000 | 2011 £'000 |
|--|-------------------------------|-----------------------------|---------------------------|---------------|---------------|
| Charitable expenditure: | | | | | |
| Advancement of Psychology | | | | | |
| Journal costs | 902 | - | - | 902 | 840 |
| Other related costs | 263 | 503 | 188 | 954 | 952 |
| | <u>1,165</u> | <u>503</u> | <u>188</u> | <u>1,856</u> | <u>1,792</u> |
| Application of Psychology | | | | | |
| Section expenditure | 1,487 | - | - | 1,487 | 1,580 |
| Other related costs | 29 | 60 | 22 | 111 | 111 |
| | <u>1,516</u> | <u>60</u> | <u>22</u> | <u>1,598</u> | <u>1,691</u> |
| Conferences and events | | | | | |
| Society conferences | 702 | - | - | 702 | 628 |
| Other related costs | 131 | 252 | 94 | 477 | 477 |
| | <u>833</u> | <u>252</u> | <u>94</u> | <u>1,179</u> | <u>1,105</u> |
| Co-operation with other organisations | | | | | |
| Other related costs | 59 | 112 | 41 | 212 | 211 |
| | <u>59</u> | <u>112</u> | <u>41</u> | <u>212</u> | <u>211</u> |
| Diffusion of knowledge | | | | | |
| Publishing costs | 493 | - | - | 493 | 503 |
| Other related costs | 337 | 639 | 239 | 1,215 | 1,212 |
| | <u>830</u> | <u>639</u> | <u>239</u> | <u>1,708</u> | <u>1,715</u> |
| Examinations and training | | | | | |
| Examinations costs | 292 | - | - | 292 | 245 |
| Other related costs | 218 | 420 | 156 | 794 | 793 |
| | <u>510</u> | <u>420</u> | <u>156</u> | <u>1,086</u> | <u>1,038</u> |
| Membership and Conduct | | | | | |
| Other related costs | 513 | 979 | 365 | 1,857 | 1,852 |
| | <u>513</u> | <u>979</u> | <u>365</u> | <u>1,857</u> | <u>1,852</u> |
| Science and Policy | | | | | |
| Other related costs | 175 | 335 | 125 | 635 | 635 |
| | <u>175</u> | <u>335</u> | <u>125</u> | <u>635</u> | <u>635</u> |
| Governance costs | - | - | 120 | 120 | 112 |
| Trading costs | - | - | 485 | 485 | 509 |
| Investment management fees | - | - | 27 | 27 | 29 |
| | <u>-</u> | <u>-</u> | <u>632</u> | <u>632</u> | <u>650</u> |
| Total Resources Expended | <u>5,601</u> | <u>3,300</u> | <u>1,862</u> | <u>10,763</u> | <u>10,689</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2012

7. SUPPORT COST ALLOCATION

| | Property costs £'000 | IT costs £'000 | HR & Finance £'000 | Directorate costs £'000 | 2012 £'000 | 2011 £'000 |
|---------------------------------|----------------------------|----------------------|--------------------------|-------------------------------|---------------------|---------------------|
| Charitable expenditure: | | | | | | |
| Advancement of Psychology | 23 | 33 | 77 | 55 | 188 | 175 |
| Application of Psychology | 3 | 4 | 9 | 6 | 22 | 22 |
| Conferences and events | 10 | 17 | 39 | 28 | 94 | 88 |
| Co-operation | 5 | 7 | 17 | 12 | 41 | 37 |
| Diffusion of knowledge | 29 | 42 | 98 | 70 | 239 | 220 |
| Examinations and training | 18 | 28 | 64 | 46 | 156 | 145 |
| Membership and Conduct | 43 | 64 | 150 | 108 | 365 | 339 |
| Science and policy | 15 | 22 | 51 | 37 | 125 | 116 |
| | <u>146</u> | <u>217</u> | <u>505</u> | <u>362</u> | <u>1,230</u> | <u>1,142</u> |
| Governance costs | - | - | - | - | 120 | 112 |
| Trading costs | - | - | - | - | 485 | 509 |
| Investment management fees | - | - | - | - | 27 | 29 |
| Total Resources Expended | <u><u>146</u></u> | <u><u>217</u></u> | <u><u>505</u></u> | <u><u>362</u></u> | <u><u>1,862</u></u> | <u><u>1,792</u></u> |
| | 2012 £'000 | 2011 £'000 | | | | |
| Support costs include: | | | | | | |
| Equipment and property | 499 | 368 | | | | |
| System development | 238 | 248 | | | | |
| Consultancy | 21 | 27 | | | | |
| Depreciation | 252 | 245 | | | | |
| Legal and professional | 26 | 69 | | | | |
| Marketing | 127 | 69 | | | | |
| Salaries | 67 | 335 | | | | |
| | <u>1,230</u> | <u>1,361</u> | | | | |
| Governance includes: | | | | | | |
| Travel and other related costs | 103 | 93 | | | | |
| Indemnity insurance | 4 | 4 | | | | |
| Audit | 13 | 15 | | | | |
| | <u>120</u> | <u>112</u> | | | | |

Cost allocation includes an element of judgement and the charity has had to consider the cost benefit of detailed calculations and record keeping. All categories have been allocated on a basis consistent with the use of resources.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2012

8. STAFF NUMBERS AND EMOLUMENTS

The average number of persons employed during the year was as follows:

| | 2012 | 2012 | 2011 | 2011 |
|------------------|-------------|-------------|-------------|-------------|
| | Full | Part | Full | Part |
| | time | time | time | time |
| Leicester office | 86 | 9 | 85 | 10 |
| London office | 1 | - | 1 | - |
| Regional centres | 1 | 1 | 1 | 1 |
| | <u>88</u> | <u>10</u> | <u>87</u> | <u>11</u> |

Remuneration of employees was as follows:

| | 2012 | 2011 |
|------------------------------|--------------|--------------|
| | Total | Total |
| | £'000 | £'000 |
| Gross wages and salaries | 2,990 | 2,953 |
| Employers National Insurance | 297 | 283 |
| Employers Pension payments | 245 | 234 |
| | <u>3,532</u> | <u>3,470</u> |

During the year, the Charity made contributions of £15,336 (2011: £15,418) to a final salary scheme (USS Ltd) on behalf of one employee. (2011: 1) In view of the level of contributions the group has accounted for these pension contributions as if they were to a defined contribution scheme.

The number of employees earning over £60,000 (excluding pension contributions) was as follows:

| | 2012 | 2011 |
|-------------------|---------------|---------------|
| | Number | Number |
| £90,000 - £99,999 | <u>1</u> | <u>1</u> |

9. TRUSTEES' EMOLUMENTS AND REIMBURSED EXPENSES

The Trustees neither received nor waived any emoluments during the year and for 2012 travelling and subsistence expenses were repaid to 14 Trustees (2011: 15) totalling £10,821 (2011: £9,728).

During the year £92,598 (2011: £ 68,592) was paid to members in respect of examination services. None of these payments were made to Trustees (2011: nil)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2012

10. TANGIBLE FIXED ASSETS

Group and Society

| | Freehold land & buildings £'000 | Computer & Print £'000 | Office equipment £'000 | Total £'000 |
|-----------------------|--|------------------------------|------------------------------|----------------|
| Cost | | | | |
| At 1 January 2012 | 5,549 | 439 | 622 | 6,610 |
| Additions | 24 | 27 | 6 | 57 |
| At 31 December 2012 | 5,573 | 466 | 628 | 6,667 |
| Depreciation | | | | |
| At 1 January 2012 | 1,378 | 421 | 473 | 2,272 |
| Charge for the year | 186 | 22 | 43 | 251 |
| At 31 December 2012 | 1,564 | 443 | 516 | 2,523 |
| Net book value | | | | |
| At 31 December 2012 | 4,009 | 23 | 112 | 4,144 |
| At 31 December 2011 | 4,167 | 21 | 149 | 4,337 |

It is not considered practicable to segregate the tangible fixed assets between those used for management, administration and support purposes and those which are used for directly charitable purposes. All of the assets form an integral part of the activities that enable the Society to further its charitable objectives.

As permitted under Financial Reporting Standard 15 the Society has not adopted a policy of revaluing its tangible fixed assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2012

| 11. FIXED ASSET INVESTMENTS | 2012 | 2011 |
|---------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Market value at the beginning of year | 6,116 | 5,819 |
| Additions | 1,741 | 2,096 |
| Disposal proceeds | (1,603) | (1,516) |
| Net investment gains / (losses) | 516 | (283) |
| Market value at end of year | <u>6,770</u> | <u>6,116</u> |
| Historical cost at end of year | <u>5,727</u> | <u>5,620</u> |
| | 2012 | 2011 |
| | £'000 | £'000 |
| Fixed asset investments comprise: | | |
| Listed investments | | |
| Fixed interest securities | 758 | 731 |
| UK and Overseas Equities | 5,615 | 4,838 |
| Cash | 397 | 547 |
| Group and Society | <u>6,770</u> | <u>6,116</u> |

At 31 December 2012 there were no sets of investments (2011: 3) in value more than 5% of the total portfolio valuation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2012

12. DEBTORS

| | 2012 Group £'000 | 2011 Group £'000 | 2012 Society £'000 | 2011 Society £'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| Trade debtors | 1,117 | 1,290 | 939 | 1,088 |
| Other debtors | 420 | 269 | 420 | 269 |
| Amounts due from subsidiary company | 21 | - | - | 198 |
| Prepayments and accrued income | 150 | 298 | 422 | 172 |
| | <u>1,708</u> | <u>1,857</u> | <u>1,781</u> | <u>1,727</u> |

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2012 Group £'000 | 2011 Group £'000 | 2012 Society £'000 | 2011 Society £'000 |
|-----------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Subscriptions received in advance | 747 | 670 | 747 | 670 |
| Other deferred income | 755 | 731 | 755 | 731 |
| Other creditors | 1,004 | 1,703 | 990 | 1,459 |
| Accrued charges | 104 | 83 | 104 | 83 |
| Amounts due to subsidiary company | - | - | 40 | 98 |
| | <u>2,610</u> | <u>3,187</u> | <u>2,636</u> | <u>3,041</u> |

The Society receives funds from various sources for the Centre for Outcomes Research Effectiveness (CORE) which are to be paid over to CORE as invoiced. This funding is not part of the Society's general activities and is therefore not recorded in the Statement of Financial Activities. Included in Other Creditors is an amount of £131,381 (2011: £251,756) representing funds held by the Society for CORE. The related cash balance at 31 December 2012 was £ 131,381 (2011: £251,756).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2012

13a. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | | |
|-------------------|--------------|--------------|
| Group and Society | 2012 | 2011 |
| | £'000 | £'000 |
| Deferred income | <u>240</u> | <u>360</u> |

During the year, income was received in advance and will be released each year until 31 December 2015

| | | |
|---------------------|-------------------|-------------------|
| Within 1 year | 120 | 120 |
| Within 1 to 2 year | 120 | 120 |
| Within 2 to 5 years | 120 | 240 |
| | <u>360</u> | <u>480</u> |
| | <u><u>360</u></u> | <u><u>480</u></u> |

14a. UNRESTRICTED FUNDS

| | Balance 1 Jan 2012 £'000 | Net income £'000 | Balance 31 Dec 2012 £'000 |
|------------------|---|---------------------------------|--|
| Designated funds | 1,000 | - | 1,000 |
| General funds | 9,733 | 1,623 | 11,356 |
| | <u>10,733</u> | <u>1,623</u> | <u>12,356</u> |
| | <u><u>10,733</u></u> | <u><u>1,623</u></u> | <u><u>12,356</u></u> |

14b DESIGNATED FUNDS

The Society may, following the approval of the Officers of the Society, set aside funds for specific purposes. The Fund is designated for property improvements to the Leicester office including the repairs to the roof and replacement of the windows.

14c. RESTRICTED FUNDS

The BJEP fund relates to income specifically pledged to the development of the journal.

| | Balance 1 Jan 2012 £'000 | Receipts £'000 | Payments made £'000 | Balance 31 Dec 2012 £'000 |
|---------------------|---|---------------------------|------------------------------------|--|
| William Inman prize | 7 | - | - | 7 |
| Visual Archive | 10 | - | - | 10 |
| BJEP fund | 65 | - | 5 | 60 |
| | <u>82</u> | <u>-</u> | <u>5</u> | <u>77</u> |
| | <u><u>82</u></u> | <u><u>-</u></u> | <u><u>5</u></u> | <u><u>77</u></u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2012

15. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

Fund balances at 31 December 2012 are represented by:

| | Unrestricted £'000 | Restricted £'000 | Total £'000 |
|-------------------------|-----------------------|---------------------|----------------|
| Tangible fixed assets | 4,144 | - | 4,144 |
| Investments | 6,770 | - | 6,770 |
| Current assets | 4,292 | 77 | 4,369 |
| Current liabilities | (2,610) | - | (2,610) |
| Long term liabilities | (240) | | (240) |
| Total net assets | <u>12,356</u> | <u>77</u> | <u>12,433</u> |

16. RECONCILIATION OF NET OUTGOING RESOURCES TO NET CASH TO INFLOW FROM OPERATING ACTIVITIES

| | 2012 £'000 | 2011 £'000 |
|--|---------------|---------------|
| Net incoming resources: | | |
| Unrestricted | 1,107 | 1,059 |
| Restricted | (5) | (19) |
| Adjustments for investment income | (211) | (229) |
| | <u>891</u> | <u>811</u> |
| Depreciation charges | 251 | 245 |
| Decrease / (increase) in debtors | 149 | (416) |
| (Decrease) / increase in creditors | (697) | 247 |
| Net cash inflow from operating activities | <u>594</u> | <u>887</u> |

17. ANALYSIS OF NET FUNDS

| | 2012 £'000 | 2011 £'000 |
|-------------------------------------|---------------|---------------|
| Balances at 1 January 2012 | 2,052 | 1,589 |
| Net cash inflow | 609 | 463 |
| Balances at 31 December 2012 | <u>2,661</u> | <u>2,052</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2012

18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2012 the group had annual commitments under non-cancellable operating leases as set out below.

| | 2012 Land & buildings £000 | 2011 Land & buildings £000 |
|---|-------------------------------------|-------------------------------------|
| Operating leases which expire: Within 1 year | <u>4</u> | <u>4</u> |

SOCIETY INFORMATION

| | | |
|--|--|--|
| Trustees | President President Elect Vice President Honorary General Secretary Honorary Treasurer Trustee Trustee Trustee Trustee Trustee Trustee Trustee Trustee | Dr P Banister Dr R D R Mallows Dr C Allan Professor P F Maras Dr R D R Mallows Mr D J Murphy Dr M Forshaw Professor D Miell Emeritus Professor K Brown Professor J A Ellis Dr G Johnson Dr L Moon Dr G Mulhern |
| Chief Executive | | Professor A M Colley |
| Registered Office | | St Andrew's House 48 Princess Road East Leicester LE1 7DR |
| Solicitors | | Freeth Cartwright LLP 1 Colton Square Leicester LE1 1QH LE1 7EA |
| Independent auditors | | RSM Tenon Audit Limited Rivermead House 7 Lewis Court Grove Park Leicester LE19 1SD |
| Bankers | | The Royal Bank of Scotland plc Corporate and Commercial Gateway House 4 Penman Way Enderby Leicestershire LE19 1SY |
| Pension Advisors | | BBT Financial Services Independent Financial Advisors Wrens Court 62 Victoria Road Sutton Coldfield West Midlands B72 1SY |
| England and Wales Registered Charity Number | | 229642 |
| Scottish Registered Charity Number | | SC039452 |