



the british
psychological society
promoting excellence in psychology

For the year ended 31 December 2018

June 2019



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2018 TRUSTEES' ANNUAL REPORT

The Trustees are pleased to present their Report and the Group Financial Statements of The British Psychological Society ('the Society') for the year ended 31 December 2018.

The Society, incorporated by Royal Charter, operates both in the UK and worldwide and is registered with the Charity Commission for England and Wales under registration number 229642. The Society is also registered in Scotland with the Office of the Scottish Charity Regulator (OSCR) under registration number SC039452. It is incorporated by Royal Charter. The principal place of business is St. Andrew's House, 48 Princess Road East, Leicester LE1 7DR.

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 Charities Act 2011 and Accounting and Reporting for Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

Structure, governance and management

The Society is governed by a Royal Charter originally granted in February 1965 and last revised in November 2010 which defines the Society's objects as:

'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.'

Legal and administrative information, including details of the Trustees, Chief Executive and Senior Management Team, can be found on pages 37 and 38 or on the Society's website: www.bps.org.uk.

The Trustees are responsible for the governance of the Society: the management is devolved to the Chief Executive and Senior Management Team.

Governance and internal control

Trustees meet regularly to review the Society's strategy and performance. The Society's Royal Charter and Statutes set out the composition of the Trustee Board and the means whereby Trustees are appointed. There is an induction process for new Trustees and ongoing training and development initiatives including briefings by external specialists on key areas of knowledge relevant to the role of the Board.

A number of governance reforms have been identified to reflect excellent practice as identified by the Charity Code of Governance and a review of the Society's Charter and Statutes is being undertaken in the light of these. This includes formalising the process for review of Board performance, and ensuring the composition of the Board is diverse in demographics and that members have an appropriate range of relevant skills, knowledge and experience. Fostering diversity in leadership has been established as a central component of recruitment of the Society's chief executive and senior managers.

The Society's remuneration policy is to maintain sustainable and fair levels of pay at the same time as attracting and retaining the right people to deliver its charitable objectives. In setting appropriate levels of senior management pay, the Society considers the skills, experience and competencies required for each role. Roles are graded following external evaluation and salary is set within the pay scales of the grade except where the benchmarking of a role (via external agencies and proprietary pay surveys) demonstrates that the remuneration level for the post needs to be adjusted to attract candidates of the calibre and experience required and to bring the remuneration for the role in line with the market.

2018 TRUSTEES' ANNUAL REPORT (Continued)

The Society is currently reviewing its processes for setting the remuneration of senior staff, and will publish the process on its website when this review is complete, in accordance with the Charity Code. Remuneration levels are disclosed in note 11 to these accounts.

There are three subcommittees of the Board of Trustees which report directly to the Board providing oversight of risk and assurance, HR and finance. The terms of reference of each of the committees have been revised during 2018 to support strategic oversight of these key areas.

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 subscription that is open to the public who share an interest in the profession; and
- that the website is substantively available to all and not just members.

Financial review

The Consolidated Statement of Financial Activities for the year is set out on page 11 of the full financial statements.

Income

The results for this year have been broadly in line with expectations. Subscription income from new members who have joined during the year and the income from the journals partnership with Wiley Blackwell have continued to perform well. Other income streams have seen a reduction which is in line with expectations.

Expenditure

Overall costs continued to be well controlled in 2018 with some reduction in direct costs in line with lower income from conferences and examinations.

The Trustees consider the results for the year to be satisfactory.

Principal sources of funding

Around 50 per cent of the Society's income derives from membership subscriptions with a further 30 per cent from journal publications, qualifications, accreditation and conferences and training.

2018 TRUSTEES' ANNUAL REPORT (Continued)

Investment policy and returns

The Trustees have an agreed approach to ethical investment, which they review regularly. During 2018 the investment policy was substantially revised in particular to take account of ethical and environmental considerations, and is now publicly available on the Society's website.

The Society's investments were managed during the year by Investec Wealth and Investment. The Trustees have reviewed investment returns and are satisfied with the performance in the current economic climate and uncertainty leading up to Brexit.

Society reserves

The Trustees have reviewed the Society's reserves in line with the Charity Commission's guidance. They have included unrestricted funds, restricted funds and the designated funds.

Unrestricted funds

The Trustees consider they need to take a prudent view of the future, 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 an appropriate guideline for an organisation of this size and complexity. They are aware that the Society is currently carrying a level of reserves that is above this but consider that this is justified in the current economic climate and provides the potential for investment to fulfil the objects of the Society, plans for which are being developed. At 31 December 2018 the free reserves are £15,724,000. This equates to 15 months income based on current income levels.

As part of a wider transformation project, the Society is reviewing how it is structured to ensure it is fit for purpose. This will require investment from reserves which will be assessed and included in the plans from 2019.

Restricted funds

The Society has a number of restricted funds at its disposal and the Trustees review these on a regular basis. The total restricted funds as at 31 December 2018 are £58,231 (2017: £58,231).

Designated funds

These funds represent amounts set aside for improvements to the infrastructure of the organisation, particularly IT and property improvements. The total of the designated funds as at 31 December 2018 is £335,154 (2017: £335,154). The timing of the expenditure is to be determined in the coming financial year.

Achievements and performance

As the representative body for psychology and psychologists in the UK, we work to improve the standing of the discipline both in our country and around the world. We have had a successful year in supporting our members to share their work with peers, working alongside international partners to achieve our common goals, producing high-quality journals and promoting open and transparent science. We have increased our public engagement by offering targeted events, supporting change, promoting the importance of psychology and influencing public policy in a rapidly changing world.

Psychology across borders

In 2018, we were successful in expanding our international profile and were particularly honoured to host the European Semester of Psychology, an initiative by the European Federation of Psychologists'

2018 TRUSTEES' ANNUAL REPORT (Continued)

Associations (EFPA), which gives each member country the opportunity to put psychology at its heart. In terms of international agreements, we signed a memorandum of understanding (MoU) with Ordem Dos Psicólogos Portugueses, and with Deutsche Gesellschaft für Psychologie. We were delighted to be represented at the jubilee celebrations in Auckland, Aotearoa, of the New Zealand Psychological Society – a branch of BPS until 1968.

Moving psychological science forward

The Society is committed to moving psychological science forward and open science has been a topic of interest for us throughout the whole of 2018. We have worked hard to develop our own policies and practices to keep moving psychological science forward as a robust and transparent discipline, holding events and hosting keynote speakers at our annual conference. Through our conferences and events programme in 2018, we welcomed 3,482 people to 23 major BPS events.

Our highly-regarded BPS journal portfolio is managed by Wiley-Blackwell, and offers 11 titles including the *British Journal of Psychology*. Our portfolio now has an impact factor of 2.297 and six of our journal titles saw their impact factors increase in 2018. We began accepting registered reports for all 11 of our titles; this is an important part of promoting transparent research practices.

We also supported members to present their work at international events, with applicants to our grant and bursary schemes receiving a total of £101,623 of funding from the Society. Towards the end of 2018, we launched a specific grant scheme to support members to present at the European Congress of Psychology 2019 providing funding totalling around £16,000.

Supporting our members

We are a membership body, and have a responsibility to the people who pay to be our members. Part of this work is around setting the highest standards and supporting practising psychologists with guidance on matters of relevance to their professional work, but also offering professional development opportunities for members looking to further their careers. Another popular member benefit is our magazine, *The Psychologist*, and the *Research Digest*, our daily blog reporting on the latest psychology research in an accessible way.

We also support our members through professional development and qualifications. The Society ran a total of 91 professional development workshops during 2018, through which we supported the career growth of 2,890 people. For qualifications, we saw significant rises in enrolments on the Qualification in Forensic Psychology (44 per cent), Qualification in Health Psychology (20 per cent) and Qualification in Educational Psychology Scotland (30 per cent) from 2017 to 2018.

Our Code of Ethics is one of the most important pieces of guidance for psychologists, and we published a new version in April. We published several other pieces of guidance for psychologists during the year, including guidelines for psychologists working with refugees and asylum seekers, the responsibilities psychologists have to safeguard children, working effectively with community organisations and the ethical considerations when working in the fields of extremism and terrorism.

We produce 'changing behaviour' briefings to bring together the psychological evidence in a particular area in one accessible document. In total, more than 1,500 people accessed our 'changing behaviour' briefings on the BPS website during the year, learning about topics such as cybersecurity, nutrition and responsible alcohol consumption.

The Society is always keen to recognise the achievements of our members, and our 2018 awards ceremony recognised an impressive selection of psychologists for their outstanding work.

2018 TRUSTEES' ANNUAL REPORT (Continued)

Promoting the highest standards of education

We are working to pursue the highest standard of psychology education, developing our approach to meet the challenges of a rapidly changing landscape for the psychological workforce.

Accrediting undergraduate, degree conversion and postgraduate courses, as well as training programmes, is an important part of the Society's role in ensuring that qualified psychologists continue to be trained in the UK and further afield. We made 70 accreditation visits in the last year. We are also supporting employers with the development of new apprenticeship standards, and exploring how new roles in mental health may contribute to the delivery of the NHS Long Term Plan.

We also dedicated significant time and resource to pushing for improvements in the way psychology is treated by the Research Excellence Framework (REF), the system for assessing the quality of research in UK higher education.

Influencing public policy

Psychology research has the potential to transform people's lives and the society we live in, so the BPS works hard to influence policy makers and make sure that our members are heard in the places where it really matters.

From children's screen time to harmful benefit sanctions, we gained some real traction with parliamentarians across the four nations in 2018.

We are the secretariat for the All-Party Parliamentary Group for Psychology, which brings together parliamentarians from different parts of the political spectrum with an interest in psychology and its public policy applications. The group held four meetings in 2018 on a range of diverse but important topics: children and young people's mental health, internet trolling, mental health in the criminal justice system and obesity.

We have extended our influence in the devolved nations, for example, working to maximise our policy impact in Scotland by running a survey of MSPs, which found that awareness of the BPS is increasing in Holyrood. The BPS was asked to give evidence at two Health and Social Care Committee inquiries during 2018, and we made sure that the Welsh government heard psychologically informed evidence on autism and suicide prevention. The BPS in Northern Ireland has developed a policy strategy which focuses on four key areas, namely mental health in education, mental health in prisons, suicide, and workplace wellbeing. Drawing on contributions from our members, the society was able to produce responses to 42 external consultations in 2018 – up from 37 in 2017 – making sure that psychology is considered in policymaking across the board.

Improving psychology's visibility

Making our discipline and its research findings understandable for the general public is a significant aim for the BPS. This involves connecting psychologists with journalists who need expert comment on their stories, promoting the cutting-edge research that is being undertaken by our members and making information on psychology more accessible.

Over the course of 2018, the Society's communications team helped around 1,000 journalists and production companies to connect with qualified psychologists, making sure that informed psychological comment is available to the media. Through our public engagement platform we also continued to fund *I'm a Scientist, Get Me out of Here*, where scientists interact online with school students.

Our website continued to provide a valuable public portal through to psychology during 2018, attracting more than five million visitors from across the world – this is double the 2.5 million from 2017.

2018 TRUSTEES' ANNUAL REPORT (Continued)

Preparing for change

We've acknowledged the change which is needed within the organisation if we are to meet the challenges posed by a rapidly changing world, and to ensure an important place for psychologists and psychological knowledge within it.

One of our key objectives for the Society Review from autumn 2018 was to give some focus and direction to the work that we're doing and we handed control and influence over our central policy priority to member representatives. The mental health and psychological wellbeing of children and young people was voted as the first priority to come out of the senate process for the year ahead.

The Society is planning significant changes to operations as part of a wider transformation project which it is envisaged will take three years to complete. The changes are vital if the Society is to remain relevant in a changing world and improve its value proposition and offerings to members.

More details about the Society's achievements and performance can be found in the BPS Review of the Year 2018, which is available on the society's website – www.bps.org.uk

Risk assessment

The Trustees are aware of their responsibilities with regards to risk assessment. During 2018 a new electronic risk management system and tracking system was introduced to ensure regular review of the principal risks and uncertainties facing the charity and its subsidiary undertaking BPS Communications Limited and a summary of plans and strategies for mitigating the risks identified.

The Society has identified reputational risk as a major risk which could result in loss of trust in the Society by external stakeholders. During the year additional measures have been put in place including strengthening our complaints process and developing further quality assurance initiatives in order to mitigate this risk to the Society.

As a member organisation, the Society faces a major risk if it fails to meet member needs and to provide value for money, impacting on our ability to retain and attract new members, future income generation and ultimately the loss of professional impact of the Society. Strategies for mitigation include ensuring that member feedback is gathered and assessed, a regular review of member benefits and ensuring the activities of the Society continue to be seen to have impact and relevance to the discipline of psychology, psychologists, and the wider public.

The Society has considered the impact of Brexit and considers that there will not be any immediate threat to income generation as the international membership base is a very small percentage of overall membership. In terms of the wider impact on the discipline of psychology and the professional opportunities for psychologists, the picture remains uncertain. The Society has worked hard to mitigate this by enhancing relationships and engagement with relevant bodies in particular the European Federation of Psychologists' Associations (EFPA).

Employee involvement and employment

Society employees are 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.

2018 TRUSTEES' ANNUAL REPORT (Continued)

Auditors

During the year we invited tenders for the provision of external audit services in line with good practice and in line with our procurement policy for tendering for services. We are pleased to announce that Mazars LLP has been appointed as the new auditor replacing RSM UK Audit LLP.

Trustees' responsibilities in relation to financial statements

The Society Trustees are responsible for preparing a Trustees' Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England, Wales and Scotland requires the Trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the Society and the Group and of the incoming resources and the application of resources of the Society and the Group for that period. In preparing the financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 Society and the Group 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 Society and the Group and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the Royal Charter. They are also responsible for safeguarding the assets of the Society 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 corporate and financial information included on the Society's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Professor K S Bullen
President, Chair of the Board of Trustees

20 June 2019

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

Opinion

We have audited the financial statements of The British Psychological Society (the 'Society') and its subsidiary (the 'Group') for the year ended 31 December 2018 which comprise the Consolidated and Society Statement of Financial Activities, the Consolidated and Society Balance Sheets, the Group and Society Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Society's affairs as at 31 December 2018 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 and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

Basis for opinion

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

The impact of uncertainties due to Britain exiting the European Union on our audit

The Trustees' view on the impact of Brexit is disclosed on page 6.

The terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Group and Society's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Group and Society as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Group and Society's future prospects and performance.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BRITISH PSYCHOLOGICAL SOCIETY (continued)

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

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

- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Society's environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report.

We have nothing to report in respect of the following matters in relation to which the Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Society, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BRITISH PSYCHOLOGICAL SOCIETY (continued)

Responsibilities of Trustees

The Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Ian Holder (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street
Birmingham
B3 2RT

Date:

21 June 2019

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2018

		2018	2018	2018	2018	2017
	Note	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total £'000	Total £'000
Income:						
Income from charitable activities:						
Subscriptions		6,468	-	-	6,468	6,455
Registers and directories		660	-	-	660	763
Conferences and events		918	-	-	918	983
Journals and book publishing	4	2,136	-	-	2,136	2,253
Other income	5	1,677	-	-	1,677	2,155
Income from other trading activities:						
Trading operations	7	465	-	-	465	489
Investment income	6	455	-	-	455	439
Total Income		<u>12,779</u>	<u>-</u>	<u>-</u>	<u>12,779</u>	<u>13,537</u>
Expenditure:						
Expenditure on raising funds:						
Trading costs	7	389	-	-	389	367
Investment management fees		61	-	-	61	76
Expenditure on charitable activities:						
Advancement of Psychology		2,126	-	-	2,126	2,113
Application of Psychology		1,989	-	-	1,989	1,972
Conferences and events		976	-	-	976	1,039
Co-operation with organisations		263	-	-	263	264
Diffusion of knowledge		2,142	-	-	2,142	2,169
Examinations and training		1,358	-	-	1,358	1,432
Membership		2,325	-	-	2,325	2,311
Science and policy		759	-	-	759	794
Other Expenditure:						
Pension provision	24	763	-	-	763	-
Total expenditure	8	<u>13,151</u>	<u>-</u>	<u>-</u>	<u>13,151</u>	<u>12,537</u>
Net (losses)/gains on investments	14	(1,042)	-	-	(1,042)	1,190
Net (loss)/income		<u>(1,414)</u>	<u>-</u>	<u>-</u>	<u>(1,414)</u>	<u>2,190</u>
Transfer between funds	17	-	-	-	-	-
Net movement in funds		<u>(1,414)</u>	<u>-</u>	<u>-</u>	<u>(1,414)</u>	<u>2,190</u>
Reconciliation of funds						
Total funds brought forward		<u>25,414</u>	<u>335</u>	<u>58</u>	<u>25,807</u>	<u>23,617</u>
Total funds carried forward		<u>24,000</u>	<u>335</u>	<u>58</u>	<u>24,393</u>	<u>25,807</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities. All income and expenditure for the year ended 31 December 2017 was unrestricted.

THE SOCIETY STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2018

		2018	2018	2018	2018	2017
	Note	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total £'000	Total £'000
Income:						
Income from charitable activities:						
Subscriptions		6,468	-	-	6,468	6,455
Registers and directories		660	-	-	660	763
Conferences and events		918	-	-	918	983
Journals and book publishing	4	2,136	-	-	2,136	2,253
Other income	5	1,677	-	-	1,677	2,155
Income from other trading activities:						
Trading operations	7	-	-	-	-	121
Investment income	6	455	-	-	455	440
Total Income		<u>12,314</u>	<u>-</u>	<u>-</u>	<u>12,314</u>	<u>13,170</u>
Expenditure:						
Expenditure on raising funds:						
Investment management fees		61	-	-	61	76
Expenditure on charitable activities:						
Advancement of Psychology		2,126	-	-	2,126	2,113
Application of Psychology		1,989	-	-	1,989	1,972
Conferences and events		976	-	-	976	1,039
Co-operation with organisations		263	-	-	263	264
Diffusion of knowledge		2,142	-	-	2,142	2,169
Examinations and training		1,358	-	-	1,358	1,432
Membership		2,325	-	-	2,325	2,311
Science and policy		759	-	-	759	794
Other Expenditure:						
Pension provision	24	763	-	-	763	-
Total expenditure	8	<u>12,762</u>	<u>-</u>	<u>-</u>	<u>12,762</u>	<u>12,170</u>
Net (losses)/gains on investments	14	(1,042)	-	-	(1,042)	1,190
Net (loss)/income		<u>(1,490)</u>	<u>-</u>	<u>-</u>	<u>(1,490)</u>	<u>2,190</u>
Transfer between funds	17	-	-	-	-	-
Net movement in funds		<u>(1,490)</u>	<u>-</u>	<u>-</u>	<u>(1,490)</u>	<u>2,190</u>
Reconciliation of funds						
Total funds brought forward		<u>25,414</u>	<u>335</u>	<u>58</u>	<u>25,807</u>	<u>23,617</u>
Total funds carried forward		<u>23,924</u>	<u>335</u>	<u>58</u>	<u>24,317</u>	<u>25,807</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities. All income and expenditure for the year ended 31 December 2017 was unrestricted.

CONSOLIDATED BALANCE SHEET
at 31 December 2018

	Note	2018 £'000	2017 Restated £'000
Fixed assets			
Tangible assets	13	8,289	8,561
Investments	14	14,129	14,851
Total fixed assets		<u>22,418</u>	<u>23,412</u>
Current assets			
Debtors	15	3,364	2,797
Cash at bank and in hand		3,240	2,832
		<u>6,604</u>	<u>5,629</u>
Liabilities			
Creditors: amounts falling due within one year	16	(3,866)	(3,234)
Provisions for liabilities			
Pension provision	24	(763)	-
Net current assets		<u>1,975</u>	<u>2,395</u>
Net assets		<u>24,393</u>	<u>25,807</u>
The funds of the group:			
Restricted income funds	17	58	58
Unrestricted funds:			
General funds	17	19,911	21,310
Designated funds		335	335
Revaluation reserve		4,089	4,104
Total unrestricted funds	17	<u>24,335</u>	<u>25,749</u>
Total funds		<u>24,393</u>	<u>25,807</u>

The financial statements on pages 11 to 36 were approved by the Board of Trustees and authorised for issue on 20 June 2019 and signed on its behalf by:



Professor K S Bullen
President, Chair of the Board of Trustees

SOCIETY BALANCE SHEET
at 31 December 2018

	Note	2018 £'000	2017 Restated £'000
Fixed assets			
Tangible assets	13	8,289	8,561
Investments	14	14,129	14,851
Total fixed assets		<u>22,418</u>	<u>23,412</u>
Current assets			
Debtors	15	3,659	3,171
Cash at bank and in hand		3,075	2,736
		<u>6,734</u>	<u>5,907</u>
Liabilities			
Creditors: amounts falling due within one year	16	(4,072)	(3,512)
Provisions for liabilities			
Pension provision	24	(763)	-
Net current assets		<u>1,899</u>	<u>2,395</u>
Net assets		<u>24,317</u>	<u>25,807</u>
The funds of the Society:			
Restricted income funds	17	58	58
Unrestricted funds:			
General funds	17	19,835	21,310
Designated funds		335	335
Revaluation reserve		4,089	4,104
Total unrestricted funds	17	<u>24,259</u>	<u>25,749</u>
Total funds		<u>24,317</u>	<u>25,807</u>

The financial statements on pages 11 to 36 were approved by the Board of Trustees and authorised for issue on 20 June 2019 and signed on its behalf by:



Professor K S Bullen
President, Chair of the Board of Trustees

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2018

	Note	Group 2018 £'000	Group 2017 £'000	Society 2018 £'000	Society 2017 £'000
Cash provided by operating activities	21	325	881	256	784
Cash flow from investing activities:					
Dividend and interest from investments		455	439	455	439
Purchase of tangible fixed assets		(52)	(121)	(52)	(121)
Purchase of investments		(1,861)	(2,177)	(1,861)	(2,177)
Proceeds from sales of investments		1,541	1,400	1,541	1,400
Cash generated from /(used in) investing activities		83	(459)	83	(459)
Change in cash and cash equivalents in the year		408	422	339	325
Cash and cash equivalents at the beginning of the year		2,832	2,410	2,736	2,411
Cash and cash equivalents at the end of the year		3,240	2,832	3,075	2,736

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

31 December 2018

1. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT AREAS OF MANAGEMENT JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Classification between Property, Plant and Equipment and Investment Properties

Management determine whether a property qualifies as an investment property and has developed criteria in making that judgement. An investment property is a property held to earn rentals or for capital appreciation or both. Therefore, management consider whether a property generates cash flows largely independently of other assets held.

One of the group's properties comprises a portion that is held to generate rental income and another portion which is used for the supply of services and administrative purposes. These portions cannot be sold separately and management consider the portion of the property which generates rental income to be insignificant. Therefore, this property has been accounted for as Property, Plant and Equipment. The net book value of this property as at 31 December 2018 was £5,783,296 (2017: £5,856,577).

Provisions for Bad Debts

A provision is made for bad debts. The bad debt provision requires management's best estimate of the costs that will be incurred against debtors based on contractual requirements and management's judgement regarding the associated future cash inflows. The value of the bad debt provision recognised as at 31 December 2018 was £226,253 (2017: £405,453).

2. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2015) – (Charities SORP (FRS 102)) and the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) and UK Generally Accepted Accounting Practice as it applies from 1 January 2015.

The British Psychological Society meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

31 December 2018

2. ACCOUNTING POLICIES (continued)

(b) Preparation of accounts on a going concern basis

The accounts have been prepared on a going concern basis. Having carried out a detailed review of the Society's resources and the challenges presented by the current economic climate, the trustees are satisfied that the Society has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of the accounts.

There are no significant financial uncertainties which the trustees consider are a significant risk to the ability of the Society to trade as a going concern in the foreseeable future.

(c) Group financial statements

The group financial statements consolidate the results of the Society and its wholly owned subsidiary undertaking at 31 December using acquisition accounting on a line by line basis. Uniform accounting policies are adopted across the group and inter-group transactions and balances are eliminated.

(d) Income recognition

Income is recognised when the Society has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

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.

Exams, accreditation and conferences income represents income received during the year in respect of the accounting year. Any income received in advance is excluded and carried forward as deferred income. Any income due at the year-end is treated as a debtor.

Journal income represents income received during the year in respect of the accounting year. Any income due at the year-end is treated as a debtor

Rental income on assets leased under operating leases is recognised on a straight-line basis over the lease term within the statement of financial activities.

Other income is recognised on a receivable basis.

(e) Investments and investment income

All listed investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date. Both realised and unrealised gains and losses are shown in the Consolidated and Society's Statement of Financial Activities. Income arising on investments is accounted for on a receivable basis and the Statement of Financial Activities includes the net gains and losses arising from revaluations and disposals throughout the year. The fair value of the investments quoted on a recognised stock exchange is the quoted bid price.

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

31 December 2018

2. ACCOUNTING POLICIES (continued)

(f) 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 Trustees of the Society in the furtherance of the objectives of the Society and which have not been designated for other purposes.

Designated funds

The Society may, following approval of the Trustees 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.

Revaluation reserve

This fund represents the surplus from the revaluation to fair value at 1 January 2014, permitted by FRS102 transition provisions, with respect to freehold land and building to determine the new deemed cost at that date.

(g) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that the Trustees consider are consistent with the objectives of the Society. 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.

(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) Allocation of support costs

Support costs 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 irrecoverable VAT.

(j) Tangible fixed assets and depreciation

Tangible fixed assets are initially recorded at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on the straight line basis at rates estimated to write off the assets over the rest of their economic lives. No depreciation is provided on freehold land.

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2018

2. ACCOUNTING POLICIES (*continued*)

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

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the assets as if it were at the age and in the condition expected at the end of its useful life.

(k) Society Library

The Society has a comprehensive collection of books and periodicals housed at the University of London's Senate House, Malet Street, London. It would be of a significant cost to the Group and Society to value this collection and therefore they are carried at a notional value of £2 in the balance sheet.

(l) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

(m) Cash at bank and in hand

Cash at bank and cash in hand includes cash and monies on short term deposits at the bank, other short-term liquid investments with original maturities of three months or less.

(n) Creditors and provisions

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

(o) Financial instruments

The Society only has financial assets and financial liabilities of a kind that qualify as basic financial instruments and are not considered to be of financial nature. Such financial instruments, except for investments classified at fair value through profit or loss, are initially recognised at transaction value and subsequently measured at their settlement value.

(p) Pension scheme

The Society operates a defined contribution pension scheme the assets of which are invested and managed independently of the finances of the Society. The costs of providing pensions for employees are charged in the Statement of Financial Activities and represents contributions payable in the year.

(q) Taxation

The Society is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

31 December 2018

2. ACCOUNTING POLICIES (*continued*)

(r) **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 to the Statement of Financial Activities over the period of the lease.

3. LEGAL STATUS OF THE SOCIETY

The British Psychological Society (Society) is incorporated by Royal Charter and is registered at the Charity Commission for England and Wales. The Society is also registered separately in Scotland with the OSCR. The Society is governed by a Royal Charter originally granted in February 1965 and last revised in November 2010.

The address of the Society's principal place of business is St Andrew's House, 48 Princess Road East, Leicester, LE1 7DR.

The Group consists of The British Psychological Society and its one subsidiary, BPS Communications Limited, whose registered office is St Andrew's House, 48 Princess Road East, Leicester, LE1 7DR.

The Group's principal objective is 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.

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2018

4. JOURNALS AND BOOK PUBLISHING

	2018	2017
	£'000	£'000
Income from journal subscriptions and sales	2,112	2,234
Income from book and publications sales	24	19
	<u>2,136</u>	<u>2,253</u>
	<u><u>2,136</u></u>	<u><u>2,253</u></u>

5. OTHER INCOME

	2018	2017
	£'000	£'000
Advertising revenue	236	233
Examination income	514	979
Quality assurance	486	555
Rental income	197	174
Professional Development Centre	214	184
Sundry income	30	30
	<u>1,677</u>	<u>2,155</u>
	<u><u>1,677</u></u>	<u><u>2,155</u></u>

6. INVESTMENT INCOME

	2018	2017
	£'000	£'000
Income from listed investments	380	357
Bank and money market interest	75	82
	<u>455</u>	<u>439</u>
	<u><u>455</u></u>	<u><u>439</u></u>

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

31 December 2018

7. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

The Society is the 100% owner, through nominees, of BPS Communications Limited (company number 0132669), which runs the commercial advertising services for The British Psychological Society. The company distributes any profits to the Society each year under the Gift Aid scheme.

The company's trading results for the twelve months to 31 December 2018 are shown below.

	2018	2017
	£'000	£'000
Turnover	465	489
Cost of sales	<u>(201)</u>	<u>(198)</u>
Gross profit	264	291
Distribution costs	(141)	(141)
Administrative costs	<u>(47)</u>	<u>(46)</u>
Profit before interest	76	104
Profit for year	<u>76</u>	<u>104</u>

The assets and liabilities of the subsidiary are:

	2018	2017
	£'000	£'000
Current assets:		
Debtors	335	353
Cash at bank	<u>165</u>	<u>96</u>
	500	449
Creditors: amount falling within one year	<u>(424)</u>	<u>(449)</u>
	<u>76</u>	<u>-</u>

During the year the Society charged BPS Communications Limited service charges amounting to £14,415 (2017: £17,000) in respect of services provided by the Society. Trading costs, excluding these costs, amount to £389,000 (2017: £367,000). At the year end, the Society was owed £357,000 (2017: £434,000) by BPS Communications Limited and also owed BPS Communications Limited £273,000 (2017: £278,000).

Under Gift Aid rules BPS Communications Limited's profits for 2018 will be recognised in Society at the point of transfer.

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2018

8. TOTAL EXPENDITURE

Group	2018	2017
	£'000	£'000
Expenditure on charitable activities:		
Advancement of Psychology		
Journal costs	988	940
Direct salaries	605	588
Other direct costs	300	357
Support costs	233	228
	2,126	2,113
Application of Psychology		
Section expenditure	1,869	1,844
Direct salaries	65	65
Other direct costs	30	36
Support costs	25	27
	1,989	1,972
Conferences and events		
Society conferences	406	453
Direct salaries	303	294
Other direct costs	150	178
Support costs	117	114
	976	1,039
Co-operation with other organisations		
Direct salaries	134	131
Other direct costs	77	82
Support costs	52	51
	263	264
Diffusion of knowledge		
Publishing costs	679	667
Direct salaries	778	752
Other direct costs	386	459
Support costs	299	291
	2,142	2,169
Examinations and training		
Examinations costs	408	455
Direct salaries	506	490
Other direct costs	250	297
Support costs	194	190
	1,358	1,432

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2018

8. TOTAL EXPENDITURE (continued)

Group	2018	2017
	£'000	£'000
Expenditure on charitable activities:		
Membership		
Direct salaries	1,289	1,145
Other direct costs	583	723
Support costs	453	443
	2,325	2,311
Science and Policy		
Direct salaries	404	392
Other direct costs	200	250
Support costs	155	152
	759	794
Trading costs	389	367
Investment management fees	61	76
Pension Provision	763	-
	1,213	443
Total Expenditure	13,151	12,537

Society

The total expenditure during the year was £12,762,000 (2017: £12,170,000), which includes all the cost analysis within the group total expenditure above apart from the trading costs £389,000 (2017: £367,000).

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2018

9. SUPPORT COST ALLOCATION

	Property costs £'000	IT costs £'000	HR & Finance £'000	Directorate costs £'000	2018 £'000	2017 £'000
Charitable expenditure:						
Advancement of Psychology	27	41	96	69	233	228
Application of Psychology	3	5	10	7	25	27
Conferences and events	14	21	48	34	117	114
Co-operation	6	10	21	15	52	51
Diffusion of knowledge	35	53	123	88	299	291
Examinations and training	23	34	80	57	194	190
Membership	53	80	187	133	453	443
Science and policy	18	27	64	46	155	152
Total Expenditure	<u>179</u>	<u>271</u>	<u>629</u>	<u>449</u>	<u>1,528</u>	<u>1,496</u>

The Group has identified the costs of the support function and costs which relate to the governance function which amount to £573,736 (2017: 528,643). The support costs are apportioned between the eight key charitable activities undertaken (see note 8) in the year.

Cost allocation includes an element of judgement and the Society 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, which are analysed above.

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2018

10. NET INCOME FOR THE YEAR

Group and Society

Net income is stated after charging:

	2018	2017
	£'000	£'000
Depreciation	324	396
Auditors' remuneration - audit services	21	26
- other services	-	62
	<u> </u>	<u> </u>

11. STAFF NUMBERS AND EMOLUMENTS

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

	2018	2018	2017	2017
	Full	Part	Full	Part
	time	time	time	time
Leicester office	87	24	77	21
London office	1	2	1	-
Regional centres	1	2	1	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Remuneration of employees was as follows:

	2018	2017
	Total	Total
		Restated
	£'000	£'000
Gross wages and salaries	3,293	3,175
Employer's National Insurance	330	322
Defined Contribution Pension Costs	293	288
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

The prior year remuneration of employees has been restated to correctly reflect costs incurred in this respect and does not impact overall surplus or deficit for the year.

During the year redundancy and termination payments amounted to £69,524 (2017: £50,000).

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

31 December 2018

11. STAFF NUMBERS AND EMOLUMENTS (continued)

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The contributions payable by the Group and charged to the Statement of Financial Activities were £293,000 (2017: £274,000). No balance was due at the year end.

During the year, the Society made contributions of £nil (2017: £14,292) to a final salary scheme (Universities Superannuation Scheme) on behalf of no employees (2017: 1 employee). There are no active members in the USS pension scheme since the last active member retired in 2017.

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

	2018	2017
	Number	Number
£60,000 - £69,999	1	2
£70,000 - £79,999	1	1
£110,000 - £119,999	1	-

During the year the group paid pension contributions in respect of the above higher paid individuals amounting to £18,059 (2017: £26,652).

12. TRUSTEES' EMOLUMENTS AND REIMBURSED EXPENSES

The Trustees neither received nor waived any emoluments during the year and for 2018 travelling and subsistence expenses were repaid to 14 Trustees (2017: 14) totalling £15,702 (2017 restated to more accurately identify reimbursed expenses: £16,954).

The key management personnel of the Society comprise the Trustees, the Chief Executive and the Senior Management Team. The total employee benefits of the key management personnel of the Society were £487,022 (2017 restated to more accurately identify costs of key management personnel: £474,244).

The Royal Charter states that “the President and Honorary General Secretary may receive payment out of the property of the Society to compensate them for the sum or sums of money lost from employment or deducted from their earnings by their employers in respect of time spent on the conduct of the business of the Society”.

	2018	2017
	£	£
President 2018 – 2019	13,125	£nil
President 2017 - 2018	£nil	£nil
President 2016 – 2017	£nil	£nil
Honorary General Secretary	£nil	35,000

The payment to the Honorary General Secretary in 2017 was in respect of service for 2015-2016 and 2016-2017. No further payments will arise in relation to this role.

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2018

13. TANGIBLE FIXED ASSETS**Group and Society**

	Freehold land & buildings £'000	Computer & Print £'000	Office equipment £'000	Total £'000
Cost				
At 1 January 2018	9,260	398	324	9,982
Additions	-	31	21	52
Disposals	-	(17)		(17)
At 31 December 2018	9,260	412	345	10,017
Depreciation				
At 1 January 2018	1,011	331	79	1,421
Charge for the year	241	48	35	324
Disposals	-	(17)		(17)
At 31 December 2018	1,252	362	114	1,728
Net book value				
At 31 December 2018	8,008	50	231	8,289
At 31 December 2017	8,249	67	245	8,561

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.

The Group and Society revalued the freehold land and buildings at 1 January 2014 at £8,265,000. The Valuation was carried out by Underwoods LLP using the Market Approach method to determine the Fair Value at those dates. The Group and Society took advantage of the provisions contained in FRS102 for first-time adopters to use the Fair Value Valuations at 1 January 2014 to be the deemed cost of the freehold land and buildings at that date, being the date of transition.

Included in the net book value of the freehold land and building of £8,008,000 (2017: £8,249,000) is £3,855,000 (2017: £3,855,000) relating to non-depreciated freehold land.

Disposals includes write offs of costs and accumulated depreciation during 2018 of assets fully depreciated.

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2018

14. FIXED ASSET INVESTMENTS	2018	2017
Group and Society	£'000	£'000
Market value at 1 January 2018	13,572	12,038
Additions	2,431	1,744
Disposal proceeds	(1,543)	(1,400)
Net investment (loss)/gain unrealised	(1,093)	1,198
Net investment gain/(loss) realised	51	(8)
Market value at 31 December 2018	<u>13,418</u>	<u>13,572</u>
Cash awaiting investment	<u>711</u>	<u>1,279</u>
Total at 31 December 2018	14,129	14,851
Historical cost at end of year	<u>11,913</u>	<u>11,206</u>
	2018	2017
	£'000	£'000
Fixed asset investments comprise:		
Listed investments		
Fixed interest securities	1,756	1,610
UK and Overseas Equities	11,662	11,962
Cash	711	1,279
	<u>14,129</u>	<u>14,851</u>

At 31 December 2018 there was one investment (2017: 1) equating to more than 5% of the total portfolio valuation. (Baillie Gifford – 5.4%) (2017: Baillie Gifford – 6.1%)

15. DEBTORS

	2018	2017	2018	2017
	Group	Group	Society	Society
	£'000	£'000	£'000	£'000
Trade debtors	2,966	2,459	2,903	2,399
Prepayments and accrued income	273	292	273	292
Amounts due from subsidiary company	-	-	357	434
VAT recoverable	125	46	126	46
	<u>3,364</u>	<u>2,797</u>	<u>3,659</u>	<u>3,171</u>

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2018

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 Group	2017 Group	2018 Society	2017 Society
	£'000	£'000	£'000	£'000
Trade creditors	341	24	274	24
Subscriptions received in advance	689	672	689	672
Other deferred income	2,269	1,638	2,269	1,638
Other creditors	402	761	402	761
Accruals	75	59	75	59
Amounts due to subsidiary company	-	-	273	278
Other taxation and social security	90	80	90	80
	<u>3,866</u>	<u>3,234</u>	<u>4,072</u>	<u>3,512</u>

Group and Society

	£'000
Balance as at 1 January (Restated)	2,310
Amounts released from previous year	(2,310)
Income deferred in the year	2,958
Balance as at 31 December	<u>2,958</u>

Other deferred income comprises Exams fees (£847,399) (2017: £1,158,289), Annual Conference (75,616) (2017:£119,259), Accreditation fees (£400,890) (2017: £309,357) and Journal income (£945,287) (2017: £nil), Professional Development Centre £nil (2017; £29,536), Rental income £nil (2017: £22,137).

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2018

17. ANALYSIS OF CHARITABLE FUNDS

Group**Analysis of movements in unrestricted funds**

	Funds brought forward at 1 Jan 2018 Restated £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Funds carried forward at 31 Dec 2018 £'000
General	21,310	12,779	(13,151)	(1,027)	19,911
Designated fund	335	-	-	-	335
Revaluation reserve	4,104	-	-	(15)	4,089
	<u>25,749</u>	<u>12,779</u>	<u>(13,151)</u>	<u>(1,042)</u>	<u>24,335</u>

Society**Analysis of movements in unrestricted funds**

	Funds brought forward at 1 Jan 2018 Restated £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Funds carried forward at 31 Dec 2018 £'000
General	21,310	12,314	(12,762)	(1,027)	19,835
Designated fund	335	-	-	-	335
Revaluation reserve	4,104	-	-	(15)	4,089
	<u>25,749</u>	<u>12,314</u>	<u>(12,762)</u>	<u>(1,042)</u>	<u>24,259</u>

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2018

17. ANALYSIS OF CHARITABLE FUNDS (continued)

Group & Society

	Funds brought forward at 1 Jan 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Funds carried forward at 31 Dec 2017 £'000	Prior year adjustment (see below) £'000	Restated funds carried forward £'000
General	18,981	13,537	(12,537)	1,630	21,611	(301)	21,310
Designated fund	415	-	-	(80)	335	-	335
Revaluation reserve	4,163	-	-	(360)	3,803	301	4,104
	23,559	13,537	(12,537)	1,190	25,749	-	25,749

General funds contain the funds that are expendable at the discretion of the Trustees of the Society in the furtherance of the objectives of the Society.

Designated fund: The fund has been designated for property improvements to the Leicester office. During the year there were no transfers out of the fund. The remaining fund of £335,000 is for continuing development work at the Leicester office in relation to external fire escapes and frontage improvements.

Revaluation reserve: This fund represents the surplus from the revaluation to fair value at 1 January 2014, permitted by FRS 102 transitions provisions, with respect to freehold land and building to determine the new deemed cost at that date. An annual transfer is made between the revaluation reserve and retained earnings for assets which are depreciated. A prior year adjustment has been recognised to reflect the fact that no such annual adjustment is required for non-depreciable land.

Group and Society

Analysis of movements in restricted funds

	Funds brought forward at 1 Jan 2018 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Funds carried forward at 31 Dec 2018 £'000
William Inman	7	-	-	-	7
Visual archive	10	-	-	-	10
BJEP fund	41	-	-	-	41
	58	-	-	-	58

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2018

17. ANALYSIS OF CHARITABLE FUNDS (continued)

	Funds brought forward at 1 Jan 2017 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Funds carried forward at 31 Dec 2017 £'000
William Inman	7	-	-	-	7
Visual archive	10	-	-	-	10
BJEP fund	41	-	-	-	41
	58	-	-	-	58
	58	-	-	-	58

The William Inman Fund was set up in 1968 following a bequest of £1,000 to the Society to provide an annual prize. The Visual Archive is a legacy that was left to the Society in 1988 to provide for a visual library. The British Journal of Educational Psychology fund is for the development of the journal along with the other Society titles.

18. FINANCIAL INSTRUMENTS

The carrying amount of the Group's and Society's financial instruments at 31 December were:

	2018 Group £'000	2017 Group £'000	2018 Society £'000	2017 Society £'000
Financial assets				
Debt instruments measured at amortised cost	3,079	2,505	3,374	2,879
Instruments measured at fair value through profit or loss	14,129	14,851	14,129	14,851
Total net assets	17,208	17,356	17,503	17,730
	17,208	17,356	17,503	17,730
Financial liabilities				
Debt instruments measured at amortised cost	806	844	1,012	1,122
	806	844	1,012	1,122

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2018

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group

Fund balances at 31 December 2018 are represented by:

	Unrestricted £'000	Restricted £'000	Total £'000
Tangible fixed assets	8,289	-	8,289
Investments	14,129	-	14,129
Current assets	6,546	58	6,604
Current liabilities	(4,629)	-	(4,629)
Total net assets	24,335	58	24,393

Society

Fund balances at 31 December 2018 are represented by:

	Unrestricted £'000	Restricted £'000	Total £'000
Tangible fixed assets	8,289	-	8,289
Investments	14,129	-	14,129
Current assets	6,676	58	6,734
Current liabilities	(4,835)	-	(4,835)
Total net assets	24,259	58	24,317

Group

Fund balances at 31 December 2017 were represented by:

	Unrestricted £'000	Restricted £'000	Total £'000
Tangible fixed assets	8,561	-	8,561
Investments	14,851	-	14,851
Current assets	5,571	58	5,629
Current liabilities	(3,234)	-	(3,234)
Total net assets	25,749	58	25,807

Society

Fund balances at 31 December 2017 were represented by:

	Unrestricted £'000	Restricted £'000	Total £'000
Tangible fixed assets	8,561	-	8,561
Investments	14,851	-	14,851
Current assets	5,849	58	5,907
Current liabilities	(3,512)	-	(3,512)
Total net assets	25,749	58	25,807

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2018

20. CAPITAL COMMITMENTS

There were no capital commitments contracted for but not provided in 2018 and 2017.

21. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group 2018 £'000	Group 2017 £'000	Society 2018 £'000	Society 2017 £'000
Net (outgoing)/incoming resources	(1,414)	2,190	(1,490)	2,190
Adjustments for:				
Depreciation charges	324	396	324	396
Loss/(Gains) on investments	1,042	(1,190)	1,042	(1,190)
Investment income in investing activities	(455)	(439)	(455)	(439)
Increase in debtors	(567)	(742)	(488)	(820)
Increase in creditors	632	666	560	647
Increase in provisions	763	-	763	-
Net cash provided by operating activities	325	881	256	784

22. COMMITMENTS UNDER OPERATING LEASES**The Group and Society as a lessee:**

The total future minimum lease payments under non-cancellable operating leases for land and buildings as set out below.

	2018 £'000	2017 £'000
Amounts due:		
Within 1 year	4	4

The Group and Society as lessor:

At the year end, the Group had contracted with tenants, under non-cancellable operating leases, for the following total future minimum leases payments:

	2018 £'000	2017 £'000
Amounts receivable:		
Less one year	67	67
Between one and five years	62	136

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2018

22. COMMITMENTS UNDER OPERATING LEASES (continued)

The Group and Society have leased out part of the freehold land and buildings used by them to a third party. The Trustees have considered the terms of the lease and future purpose of the property and consider the rent received in proportion of the freehold land and building held to be insignificant and therefore have not accounted for the part leased as an investment property.

23. CONTINGENT LIABILITIES

During the year the Society was notified by the Universities Superannuation Scheme (USS) of its statutory obligation to pay an Exit debt pursuant to section 75 of the Pensions Act 1995 following the Society ceasing to have any active members in the scheme for which it was paying contributions. The Exit debt has been valued at £1.526m. The Society has successfully concluded negotiations to transfer the Exit debt to another participating member of USS, subject to obtaining the consent of the Trustee of USS to the proposed flexible apportionment arrangement. A provision has been recognised for £763,000 in this regard. Please see note 24 for further information

24. PROVISIONS

The Society has agreed terms with another participating member of the Universities Superannuation Scheme (USS) to transfer the Exit debt arising from section 75 of the Pensions Act 1995 conditional upon securing the consent of the Trustee of USS to the proposed transfer. Confirmation of such consent is awaited. A provision has been recognised in this regard, amounting to management's best estimate of the costs to be incurred under the arrangement. The provision is expected to be utilised in 2019.

Legal and Administrative Information

Trustees	President	Professor K S Bullen (from 01.09.2018) Ms N K Gale (to 30.08.2018)
	President Elect	Mr D Murphy (from 01.09.2018) Professor K S Bullen (to 30.08.2018)
	Vice President	Ms N K Gale (from 01.09.2018)
	Honorary General Secretary	Dr C A Allan
	Honorary Treasurer	Professor R J Miller
	Trustee	Ms A Clarke
	Trustee	Dr M J Forshaw (to 07.12.2018)
	Trustee	Mr C D Lynch
	Trustee	Professor C McGuinness
	Trustee	Professor D B O'Connor
	Trustee	Dr L O'Dell (to 08.01.2018)
	Trustee	Dr H C Nicholas
Trustee	Professor J D Wilkinson	

Chief Executive and Senior Management Team

Chief Executive	Mr S Bajwa (from 16.04.2018)
Director of Change Programme	Mrs D Ashby (from 11.02.2019)
Director of Communications	Ms R Dufton (Interim) (from 01.09.2018)
Director of Corporate Services	Mr M Laffan
Director of Finance	Mr R Hobbs (to 15.06.2018) Mr H Hadani (from 14.01.2019)
Director of Member Services	Ms A Wells (acting)
Director of Policy	Ms K Scott
Director of Qualifications and Standards	Mrs A Finkel-Gates (to 30.09.2018) Ms K Beamish (Interim) (from 07.01.2019)
Governance Manager	Ms C Attfield (from 02.01.2018)

Principal place of business

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Statutory auditors

Mazars LLP
Statutory Auditor
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Principal banker

The Royal Bank of Scotland plc
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Leicester
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Legal and Administrative Information (continued)

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Leicester
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Pension advisors

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Sutton Coldfield
West Midlands
B74 2UD

Investment managers

Investec Wealth and Investment Ltd
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London
EC2V 7QP

Registered Charity Number England and Wales

229642

OSCR Charity Number Scotland

SC039452



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