

Financial Statements

for the year ended 31 December 2011

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2011 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 2011. 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 2011

Income

The year has seen a continued improvement in the Society's finances. Following significant losses in 2008 the Trustees asked the Chief Executive and the Senior Management Team to develop new income streams and review the cost structure. The structural changes that were instigated in 2009 have allowed the Society to return a surplus in 2009 and 2010 and this trend has continued in 2011. The total consolidated income increased by just over 10% to £11.7m due mainly to increased subscription and journal fees. This is the first year of a five year agreement with Wiley Blackwell and despite difficult trading conditions the return to the Society has been in accordance with expectations. Conferences also showed a strong performance and income increased from £1m to £1.1m. There were also gains for Registers and Directories and the Learning Centre.

Expenditure

The Society has good cost control and in the 2011 the total was £10.6m up from £9.8m the year before. This represents an increase of 8%. The largest single source of expenditure was salaries and in 2011 the total was £3.4m which was a slight reduction from 2010. This was due to a number of unfilled posts that remained so for the complete year. Salary costs now represent 29% of total income generated and this has fallen from just over 49% in 2008. There continues to be upward pressure on travel and disbursement expenditure and in 2011 the total was £487,000. Other costs incurred in running the Society include depreciation (£245,000), IT systems (£249,000) and printing and postage (£384,000). All these are well controlled by the relevant budget holders.

Despite the prevailing economic situation, this has been a good year for the Society and on behalf of the Trustees I would like to thank all the staff for their dedication and hard work.

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 a 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: 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.

2011 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, but each post is for one year's duration.

Charity legislation requires the Trustees to prepare consolidated financial statements for each financial year which 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 controls, 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 (formerly Rensberg Sheppards). During the year the Trustees reviewed the account and a number of organisations were asked to tender for the contract. By a unanimous decision it was decided to reappoint Investec and review the investment objectives of the account. After advice, the Trustees decided to split the Fund so that 75% is subject to moderate risk while the remaining 25% has a higher risk ratio. It was felt this was appropriate for an organisation of the size of the Society and the Trustees also have an agreed a policy of ethical investment which is reviewed on a regular basis. The last year has seen difficult trading conditions and this is reflected in the accounts.

Society reserves

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

Unrestricted funds

The Trustees feel that 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.

2011 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 stages throughout 2012 and 2013. The initial work will concentrate on the replacement of the windows which are now over 35 years old. The second stage will include refurbishment of the central core including the reception area and toilets. The rest of the work will, depending on budget constraints, follow after this. It is hoped that this will be completed by the end of 2013 but this is of course subject to planning approval from the relevant local authority.

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 Objects.

1. Membership and Registration

Membership increased during the year and membership is now at its highest level ever. This is a testament to the value of our membership offering.

During the year our range of subscriber membership was expanded to provide opportunities for non-accredited students and others interested in psychology to join the Society. There are now three levels of subscriber membership: Affiliate, Subscriber and e-Subscriber. These are proving popular and are extending access to the Society to non-psychologists.

In response to the changing needs of our members, new registers for coaching psychologists and those providing services through the Improving Access to Psychological Therapies (IAPT) initiative were launched.

The Society is also playing a significant role in supporting common standards in psychological training across Europe. As part of this development, the Society's National Awarding Committee for the EuroPsy qualification was accepted by the European Federation of Psychologists' Association

2. BPS Learning Centre

Our Learning Centre provides support for members to meet their professional development and learning needs. The 2011 programme has been our most successful yet with over 2,000 people attending a Learning Centre event, and there has been an increase in the number of providers registering with the Continuing Professional Development Approval Scheme.

Over 2,250 people from a wide variety of backgrounds, many in other professional groups, also undertook our newly developed online autism awareness course.

2011 TRUSTEES ANNUAL REPORT (Continued)

3. Accreditation through partnership

The new accreditation through partnership model for engagement with universities and students has now run for a full academic year. Focussing on quality enhancement, the new model encourages collaboration and on making the experience of psychology students, trainees, staff and employers as positive as possible. Feedback suggests that this new approach has been welcomed.

Visits to five undergraduate and 30 postgraduate psychology programmes were undertaken during the year.

4. Awards and Qualifications

Following the Health Professions Council (HPC) approval of our Qualification in Counselling Psychology and Qualification in Forensic Psychology in 2010, the Society achieved HPC approval during 2011 for the following qualifications; Sport and Exercise Psychology, Scottish Educational Psychology and Health Psychology. We are indebted to our colleagues on the Qualifications Standards Committee (QSC) and the many members involved in supporting our qualifications through the Qualification Boards.

The QSC has focussed on continuous improvement and has been working to enhance the experience of induction, training, guidance and online support for Candidates, Supervisors and Assessors.

5. Website redesign

The first stage of the redesign of our website was completed in May. Use of the site by both Members and the general public has been very encouraging. The Society continues to develop the site and utilise the much enhanced functionality it brings.

6. Public Engagement Grants

The Trustees recognise the Society's role in supporting members who communicate and deliver psychology and services to the general public. The aim of these grants is to help members promote the relevance of evidence-based psychology to a wide audience. During 2011 the funding for this scheme was increased and grants were made to five projects. These were; the creation of a permanent interactive exhibit at an award winning science centre on the psychology of appearance and stereotypes, the development of online information about how psychologists work with elite athletes with learning disabilities, the creation of an online resource covering all aspects of sport and psychology's role in the Olympics, the delivery of an event at the 2011 British Science Festival and communicating psychology through dance.

7. Society Journals and Books

The Society's publishing partnership with Wiley Blackwell has been consolidated through the renewal of our books publishing partnership. The first year of our journals partnership has been extremely successful with a substantial increase in the number of international institutions subscribing to our journals and a dramatic increase in downloads of our journal articles online. Our members have enjoyed free online access to our journals for the first time and have made extensive use of this facility.

8. Support for Ethical Research and Practice

Our ethical enquiry service continues to be well-used by Members facing ethical dilemmas. In addition, the Society launched a new Code of Human Research Ethics in May 2011 and has produced a Statement of Policy on Authorship and Publication Credit.

2011 TRUSTEES ANNUAL REPORT (Continued)

9. Supporting Practitioners and their clients

A major report on the highly significant issue of obesity was launched during the year. "Obesity in the UK: A Psychological Perspective" was published and copies sent to the House of Lords and House of Commons libraries. Copies are also freely available on the Society's website. Other significant activities in this area include the publication of guidelines on the use of electronic health records. The Society has also supported the development of guidance on brain injury, behavioural change and social inclusion.

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 2011 and 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.

As part of this, a Fraud review was conducted during the year by specialists from RSM Tenon Risk Management Team. The results have been acted upon by the Senior Management Team with the aim being to ensure that the Society is thoroughly compliant and its relevant policies are appropriate and up to date. This is an ongoing project and should be completed in 2012.

Employee involvement and employment

Society employees are always consulted on issues of concern to them by means of regular Staff Information and Consultation meetings 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.

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 2011 which comprise the Consolidated Statement 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 the Charities Act 1993 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 the Society's 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' Annual Report, set out on page 3, 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 43 of the Charities Act 1993 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts. 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 Trustee Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any 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 of the Society's and the Group's affairs as at 31 December 2011 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 1993, 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 Charities Act 1993 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
- proper 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.

RSM Tenon Audit Limited
Statutory Auditor
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

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 2011

		2011	2011	2011	2011	2010
	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	5,642	-	-	5,642	5,302
Registers and Directories		562	-	-	562	482
Conferences and events		1,114	-	-	1,114	1,002
Journals & Book publishing	2	1,738	-	-	1,738	1,346
Other income and grants	3	1,820	-	-	1,820	1,663
Activities for generating funds:						
Trading income	5	624	-	-	624	688
Investment income	4	229	-	-	229	187
Total Incoming Resources		11,729	-	-	11,729	10,670
Resources Expended:						
Costs of activities in furtherance of the Charity's objectives:						
	6					
Advancement of Psychology		1,773	-	19	1,792	1,399
Application of Psychology		1,691	-	-	1,691	1,656
Conferences and events		1,105	-	-	1,105	1,057
Co-operation with other organisations		211	-	-	211	202
Diffusion of knowledge		1,715	-	-	1,715	1,586
Examinations and training		1,038	-	-	1,038	985
Membership and Conduct		1,852	-	-	1,852	1,771
Science and Policy		635	-	-	635	607
Governance		112	-	-	112	98
Cost of generating funds:						
Trading costs	5	509	-	-	509	468
Investment management fees	4	29	-	-	29	28
Total Resources expended		10,670	-	19	10,689	9,857
Net incoming / (outgoing) resources before transfers		1,059	-	(19)	1,040	813
Transfers between funds		-	-	-	-	-
Net incoming / (outgoing) resources after transfers		1,059	-	(19)	1,040	813
(Losses) / gains on investments		(283)	-	-	(283)	548
Net Movement in Funds		776	-	(19)	757	1,361
Funds brought forward as at 1 January 2011		8,957	1,000	101	10,058	8,697
Funds carried forward as at 31 December 2011		9,733	1,000	82	10,815	10,058

CONSOLIDATED BALANCE SHEET

at 31 December 2011

	Note	2011	2010
		£'000	£'000
Fixed assets			
Tangible assets	10	4,337	4,509
Investments	11	6,116	5,819
		10,453	10,328
Current assets			
Debtors	12	1,857	1,441
Cash		2,052	1,589
		3,909	3,030
Creditors: amounts falling due within one year	13	(3,187)	(2,980)
Net current assets		722	50
Total assets less current liabilities		11,175	10,378
Creditors: amounts falling due after more one year	13a	(360)	(320)
Net assets		10,815	10,058
Represented by:			
General funds		9,733	8,957
Designated funds	14b	1,000	1,000
Unrestricted funds	14a	10,733	9,957
Restricted funds	14c	82	101
Total funds	15	10,815	10,058

SOCIETY BALANCE SHEET
at 31 December 2011

	Note	2011	2010
		£'000	£'000
Fixed assets			
Tangible assets	10	4,337	4,509
Investments	11	6,116	5,819
		10,453	10,328
Current assets			
Debtors	12	1,727	1,367
Cash		2,036	1,586
		3,763	2,953
Creditors: amounts falling due within one year	13	(3,041)	(2,903)
Net current assets		722	50
Total assets less current liabilities		11,175	10,378
Creditors: amounts falling due after one year	13a	(360)	(320)
Net assets		10,815	10,058
Represented by:			
General funds		9,733	8,957
Designated funds	14b	1,000	1,000
Unrestricted funds	14a	10,733	9,957
Restricted funds	14c	82	101
Total funds	15	10,815	10,058

Approved by the Board of Trustees on 2 March 2012 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 2011

	Note	2011 £'000	2010 £'000
Net cash inflow from operating activities	16	887	991
Returns on investments		<hr/>	<hr/>
Investment income		156	143
Bank and money market interest		73	44
Net cash inflow from returns on investments		<hr/>	<hr/>
		229	187
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(73)	(119)
Payments to acquire or increase investments		(2,096)	(1,408)
Receipts from sales of investments		1,516	1,090
Net cash outflow from investing activities		<hr/>	<hr/>
		(653)	(437)
Increase in cash	17	<hr/>	<hr/>
		<hr/>	<hr/>
		463	741

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

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 2011

1. ACCOUNTING POLICIES (*continued*)

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

The financial statements of the member networks are now 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 November 2011 the Society received a second sum of money relating to the transfer of the journals contract to Wiley Blackwell. This is the final lump sum payment. To comply with Society accounting policies, this has been reserved in the accounts as a creditor. Over the next 4 years a proportion of this balance will be released to income and the remainder carried forward until the fund is exhausted at the end of the contract in 2015. Full details are contained in note 13a. The figure released in 2011 was £120,000 and this has been included on the Journal and Book publishing income.

(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 2011

2. JOURNALS AND BOOK PUBLISHING

	2011 £'000	2010 £'000
Income from journal subscriptions and sales	1,719	1,330
Income from book and publications sales	19	16
	<u>1,738</u>	<u>1,346</u>

3. OTHER INCOME

	2011 £'000	2010 £'000
Other publications	37	41
Advertising revenue	238	239
Examination income	723	567
Quality assurance	263	367
Mailing services	55	80
Rental income	135	167
Learning Centre	225	176
CRB income	35	14
Sundry income	109	12
	<u>1,820</u>	<u>1,663</u>

4. INVESTMENT INCOME

	2011 £'000	2010 £'000
Income from listed investments	156	143
Bank and money market interest	73	44
	<u>229</u>	<u>187</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

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 its entire 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 2011 are shown below.

	2011 £'000	2010 £'000
Turnover	624	688
Cost of sales	<u>(274)</u>	<u>(270)</u>
Gross profit	350	418
Distribution costs	(232)	(206)
Administrative costs	<u>(166)</u>	<u>(135)</u>
(Loss) / profit before interest	(48)	77
Interest	-	-
(Loss) / profit for year	<u><u>(48)</u></u>	<u><u>77</u></u>

Administrative costs include £17,000 (2010: £81,600) in respect of services provided by the Society. Trading costs, excluding these costs, amount to £657,000 (2010: £524,000).

The assets and liabilities of the subsidiary are:

	2011 £'000	2010 £'000
Current assets:		
Debtors	230	75
Cash at bank	<u>15</u>	<u>1</u>
	245	76
Creditors: amount falling within one year	<u>(245)</u>	<u>(76)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

6. TOTAL RESOURCES EXPENDED

	Direct activities £'000	Direct salaries £'000	Support costs £'000	2011 £'000	2010 £'000
Charitable expenditure:					
Advancement of Psychology					
Journal costs	840	-	-	840	488
Other related costs	276	501	175	952	911
	<u>1,116</u>	<u>501</u>	<u>175</u>	<u>1,792</u>	<u>1,399</u>
Application of Psychology					
Section expenditure	1,580	-	-	1,580	1,505
Other related costs	29	60	22	111	151
	<u>1,609</u>	<u>60</u>	<u>22</u>	<u>1,691</u>	<u>1,656</u>
Conferences and events					
Society conferences	628	-	-	628	602
Other related costs	138	251	88	477	455
	<u>766</u>	<u>251</u>	<u>88</u>	<u>1,105</u>	<u>1,057</u>
Co-operation with other organisations					
Other related costs	60	114	37	211	202
	<u>60</u>	<u>114</u>	<u>37</u>	<u>211</u>	<u>202</u>
Diffusion of knowledge					
Publishing costs	503	-	-	503	422
Other related costs	356	636	220	1,212	1,164
	<u>859</u>	<u>636</u>	<u>220</u>	<u>1,715</u>	<u>1,586</u>
Examinations and training					
Examinations costs	245	-	-	245	224
Other related costs	231	417	145	793	761
	<u>476</u>	<u>417</u>	<u>145</u>	<u>1,038</u>	<u>985</u>
Membership and Conduct					
Other related costs	538	975	339	1,852	1,771
	<u>538</u>	<u>975</u>	<u>339</u>	<u>1,852</u>	<u>1,771</u>
Science and Policy					
Other related costs	185	334	116	635	607
	<u>185</u>	<u>334</u>	<u>116</u>	<u>635</u>	<u>607</u>
Governance costs	-	-	112	112	98
Trading costs	-	-	509	509	468
Investment management fees	-	-	29	29	28
	<u>-</u>	<u>-</u>	<u>650</u>	<u>650</u>	<u>594</u>
Total Resources Expended	<u>5,609</u>	<u>3,288</u>	<u>1,792</u>	<u>10,689</u>	<u>9,857</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

7. SUPPORT COST ALLOCATION

	Property costs £'000	IT costs £'000	HR & Finance £'000	Directorate costs £'000	2011 £'000	2010 £'000
Charitable expenditure:						
Advancement of Psychology	21	31	72	51	175	176
Application of Psychology	3	4	9	6	22	29
Conferences and events	10	16	36	26	88	87
Co-operation	4	7	15	11	37	39
Diffusion of knowledge	26	38	91	65	220	223
Examinations and training	16	26	60	43	145	146
Membership and Conduct	39	60	140	100	339	340
Science and policy	14	20	48	34	116	117
	<u>133</u>	<u>202</u>	<u>471</u>	<u>336</u>	<u>1,142</u>	<u>1,157</u>
Governance costs	-	-	-	112	112	98
Trading costs	-	-	-	509	509	468
Investment management fees	-	-	-	29	29	28
Total Resources Expended	<u><u>133</u></u>	<u><u>202</u></u>	<u><u>471</u></u>	<u><u>986</u></u>	<u><u>1,792</u></u>	<u><u>1,751</u></u>
	2011 £'000	2010 £'000				
Support costs include:						
Equipment and property	368	371				
System development	248	266				
Consultancy	27	15				
Depreciation	245	275				
Legal and professional	69	107				
Salaries	335	332				
	<u>1,292</u>	<u>1,366</u>				
Governance includes:						
Travel and other related costs	93	79				
Indemnity insurance	4	4				
Audit	15	15				
	<u>112</u>	<u>98</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 2011

8. STAFF NUMBERS AND EMOLUMENTS

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

	2011	2011	2010	2010
	Full	Part	Full	Part
	time	time	time	time
Leicester office	85	10	87	11
London office	1	-	2	-
Regional centres	1	1	1	1
	<u>87</u>	<u>11</u>	<u>90</u>	<u>12</u>
	<u><u>87</u></u>	<u><u>11</u></u>	<u><u>90</u></u>	<u><u>12</u></u>

Remuneration of employees was as follows:

	2011	2010
	Total	Total
	£'000	£'000
Gross wages and salaries	2,953	2,960
Employers National Insurance	283	291
Employers Pension payments	234	230
	<u>3,470</u>	<u>3,481</u>
	<u><u>3,470</u></u>	<u><u>3,481</u></u>

During the year, the Charity made contributions of £15,418 (2010: £18,466) to a final salary scheme (USS Ltd) on behalf of one employee. (2010: 2) 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:

	2011	2010
	Number	Number
£90,000 - £99,999	1	1
	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>

9. TRUSTEES' EMOLUMENTS AND REIMBURSED EXPENSES

The trustees neither received nor waived any emoluments during the year and for 2011 travelling and subsistence expenses were repaid to 15 trustees (2010: 15) totalling £9,728 (2010: £8,288).

During the year £68,590 (2010: £ 65,764) was paid to members in respect of examination services. None of these payments were made to Trustees (2010: nil)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2010/1

10. TANGIBLE FIXED ASSETS

Group and Society

	Freehold land & buildings £'000	Computer & Print £'000	Office equipment £'000	Total £'000
Cost				
At 1 January 2011	5,504	429	600	6,533
Additions	41	10	22	73
At 31 December 2011	5,545	439	622	6,606
Depreciation				
At 1 January 2011	1,195	401	428	2,024
Charge for the year	183	17	45	245
At 31 December 2011	1,378	418	473	2,269
Net book value				
At 31 December 2011	4,167	21	149	4,337
At 31 December 2010	4,309	28	172	4,509

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 2011

11. FIXED ASSET INVESTMENTS	2011	2010
	£'000	£'000
Market value at the beginning of year	5,819	4,954
Additions	2,096	1,408
Disposal proceeds	(1,516)	(1,090)
Net investment (losses) / gains	(283)	547
Market value at end of year	6,116	5,819
Historical cost at end of year	5,620	4,847
	2011	2010
	£'000	£'000
Fixed asset investments comprise:		
Listed investments		
Fixed interest securities	731	1,146
UK and Overseas Equities	4,838	4,395
Cash	547	278
Group and Society	6,116	5,819

At 31 December 2011 there were three sets of investments (2010: nil) in value more than 5% of the total portfolio valuation. The details are as follows:

	2011	
	Market value	% of portfolio
	£'000	
Baillie Gifford Equities B Nav Unit Trust	317	5.2%
Threadneedle Investments American Unit Trust	311	5.1%
UBS Global Assets US Equity	314	5.1%
	942	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

12. DEBTORS

	2011 Group £'000	2010 Group £'000	2011 Society £'000	2010 Society £'000
Trade debtors	1,290	1,231	1,088	1,165
Other debtors	269	46	269	5
Amounts due from subsidiary company	-	-	198	-
Prepayments and accrued income	298	164	172	197
	<u>1,857</u>	<u>1,441</u>	<u>1,727</u>	<u>1,367</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 Group £'000	2010 Group £'000	2011 Society £'000	2010 Society £'000
Subscriptions received in advance	670	526	670	526
Other deferred income	731	775	731	775
Other creditors	1,703	1,667	1,459	1,587
Accrued charges	83	12	83	12
Amounts due to subsidiary company	-	-	98	3
	<u>3,187</u>	<u>2,980</u>	<u>3,041</u>	<u>2,903</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 £251,756 (2010: £372,570) representing funds held by the Society for CORE. The related cash balance at 31 December 2011 was £ 251,756 (2010: £372,570).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

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

Group and Society	2011	2010
	£'000	£'000
Deferred income	<u>360</u>	<u>320</u>

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

Within 1 year	120	80
Within 1 to 2 year	120	80
Within 2 to 5 years	240	240
	<u>480</u>	<u>400</u>
	<u><u>480</u></u>	<u><u>400</u></u>

14a. UNRESTRICTED FUNDS

	Balance 1 Jan 2010 £'000	Net income £'000	Balance 31 Dec 2010 £'000
Designated funds	1,000	-	1,000
General funds	<u>8,957</u>	<u>776</u>	<u>9,733</u>
	<u>9,957</u>	<u>776</u>	<u>10,733</u>
	<u><u>9,957</u></u>	<u><u>776</u></u>	<u><u>10,733</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 be designated for property improvements to the Leicester office. This specific project has yet to receive formal Board approval.

14c. RESTRICTED FUNDS

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

	Balance 1 Jan 2011 £'000	Receipts £'000	Payments made £'000	Balance 31 Dec 2011 £'000
William Inman prize	7	-	-	7
Visual Archive	10	-	-	10
BJEP fund	84	-	19	65
	<u>101</u>	<u>-</u>	<u>19</u>	<u>82</u>
	<u><u>101</u></u>	<u><u>-</u></u>	<u><u>19</u></u>	<u><u>82</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

15. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

Fund balances at 31 December 2011 are represented by:

	Unrestricted £'000	Restricted £'000	Total £'000
Tangible fixed assets	4,337	-	4,337
Investments	6,116	-	6,116
Current assets	3,827	82	3,909
Current liabilities	(3,187)	-	(3,187)
Long term liabilities	(360)		(360)
Total net assets	<u>10,733</u>	<u>82</u>	<u>10,815</u>

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

	2011 £'000	2010 £'000
Net incoming resources:		
Unrestricted	1,059	837
Restricted	(19)	(24)
Adjustments for investment income	(229)	(187)
	<u>811</u>	<u>626</u>
Depreciation charges	245	275
Increase in debtors	(416)	(915)
Increase in creditors	247	1,005
Net cash inflow from operating activities	<u>887</u>	<u>991</u>

17. ANALYSIS OF NET FUNDS

	2011 £'000	2010 £'000
Balances at 1 January 2011	1,589	848
Net cash inflow	463	741
Balances at 31 December 2011	<u>2,052</u>	<u>1,589</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2010 the group had annual commitments under non-cancellable operating leases as set out below.

	2011 Land & buildings £000	2010 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	Dr C A Allen Dr P Banister Dr G Mulhern Professor P F Maras Dr R D R Mallows Mr D J Murphy Dr G E Powell Professor D Miell Emeritus Professor K Brown Professor J D Ellis Professor J D Wilkinson
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 Statutory Auditor The Poynt 45 Wollaton Street Nottingham NG1 5FW
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