



the british
psychological society
promoting excellence in psychology

For the year ended
31 December 2019



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2019 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 2019.

The Society 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 41 and 42 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 how 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 outlined by the Charity Code of Governance, so a review of the Society's Charter and Statutes is being undertaken. This includes formalising the process for review of Board performance, and ensuring the composition of the Board is demographically diverse 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 pay policy is designed 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 looks at 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 level of pay for the post needs to be adjusted to attract candidates of the calibre and experience required and to bring the salary for the role in line with the market.

The Society is currently reviewing its processes for setting the pay of senior staff, and will publish the process on its website when this review is complete, in accordance with the Charity Code. Salary levels are disclosed in note 11 to these accounts. The Trustees give of their time freely and no Trustee received remuneration in the year. Details of Trustee expenses are disclosed in note 12 to the accounts.

2019 Trustees Annual Report (Continued)

There are three sub-committees 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 were revised in 2018 to support strategic oversight of these key areas.

Public benefit

The trustees have reviewed this 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 clear 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 affects 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
- that the website is available to all and not just members

Strategic Report

Financial review

The Consolidated Statement of Financial Activities for the year is set out on page 12 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 continues to perform well. Other income has seen a marked increase resulting from higher examinations and quality assurance income.

Expenditure

Overall costs continued to be well controlled in 2019 with some reduction in direct costs in line with expectations.

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.

Investment policy and returns

The trustees have an agreed approach to ethical investment, which they review regularly. The investment policy was substantially revised in 2018, 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.

2019 Trustees ANNUAL REPORT (Continued)

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. At 31 December 2019, the free reserves are £10,204,000 after designating funds for the Change Programme. This equates to 9 months' income based on current income levels.

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 2019 are £58,231 (2018: £58,231).

Designated funds

A fund of £6m has been designated during the year to meet the costs of the Change Programme, which commenced in 2019 and is well under way. The programme includes replacement of the Society's key IT systems and spend on initiatives to add member value and equip the organisation for future challenges. The existing fund for IT and property improvements was released as it was no longer deemed to be required. The total of the designated funds as at 31 December 2019 is £4,701,000, (2018: £335,154).

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, working alongside international partners to achieve our common goals, producing high-quality journals and promoting open and transparent science. We have increased our public, political and stakeholder engagement by offering targeted events, supporting change, promoting the importance of psychology and influencing public policy in a rapidly changing world.

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 2019. We have worked hard to develop our own policies and practices to progress psychological science as a robust and transparent discipline, holding events and hosting keynote speakers at our annual conference. Through our conferences and events programme in 2019 we welcomed 4,142 delegates to 17 conferences managed by the BPS Conference team, with an additional 12 member network conferences managed externally on behalf of the BPS.

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 2019. We began accepting registered reports for all 11 of our titles; this is an important part of promoting transparent and open research practices.

We also supported members to present their work at both national and international events, with applicants to our grant and bursary schemes receiving a total of £115,000 of funding from the Society. £16,000 was used under a specific grant scheme to support members to present at the European Congress of Psychology 2019.

2019 Trustees ANNUAL REPORT (Continued)

Supporting our members

We are a membership body with more than 70,000 members and have a responsibility to those who pay subscriptions to belong to the Society. Part of this work is around setting the highest standards and supporting practising psychologists with guidance on matters that are relevant 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. They had more than five million users across their websites in 2019. We are working continuously to enhance the experience of our members and meet their needs in terms of what point they are at in their professional journey.

We also support our members through professional development and qualifications. The Society ran 70 professional development workshops during 2019, in addition the networks delivered 262 events meeting the needs of our members, some of which are recorded as continuing professional development. We launched the Qualification in Occupational Psychology 2019 with 16 enrolments during the year. We saw a slowdown in enrolments for the Qualification in Forensic Psychology, Qualification in Educational Psychology (Scotland) and Qualification in Clinical Neuropsychology as candidates hold off enrolment while they wait for the new qualifications to be launched in 2020. With the forthcoming launch of our Virtual Learning Environment, there will be huge opportunities for members to engage in new ways of gaining continuing professional development in the future.

We published several pieces of practice guidance for psychologists during the year, including guidelines for psychologists working with sexual, relationship and gender diversity and for working with electronic records. We also produced a guide to making good mental health capacity assessments and guidance on capacity to consent to sexual relationships. Our practice board continues to drive forward excellence in psychological practice and to examine important emerging challenges and opportunities for psychologists. For example, in 2019 we began the process of consulting with our members on the extension of Prescribing Rights for Psychologists.

The Society is always keen to recognise the achievements of our members, and our 2019 awards ceremony recognised an impressive selection of psychologists for their outstanding work.

Promoting the highest standards of education

We are working to achieve 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 more than 70 accreditation visits in the last year. We work closely with members, employers and other partners to support the development of new roles, standards and routes to membership. Our particular focus over the past year has been to explore how psychologists and the psychological professions can contribute to delivering an ambitious NHS Long Term Plan. This has included supporting the development of apprenticeship standards and working towards gaining recognition as an End Point Assessment Organisation, to deliver valid, reliable and robust assessments. In addition, we are now working towards registration with the Public Standards Authority (PSA) to be the registering bodies for new roles identified within the NHS long-term plan, which will see big changes to the way we work in the future.

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

2019 Trustees ANNUAL REPORT (Continued)

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. This year saw a large increase in the resource available for policy influence with an expansion of the team. Among other objectives, this enabled us to step up our presence during party conference season, delivering events aligned to our policy priorities at both the Labour and Conservative party conferences.

Our 2019 policy work focused on children and young people's mental health and psychological wellbeing – a topic chosen by our senate members for the first time. Alongside our Expert Reference Group of Psychologists, we worked to make an impact on policies around mental health support teams, Ofsted inspections, mental health in higher and further education and early years. We continued our work influencing the Work Capability Assessment and benefit reform and to further the government's prevention agenda.

For the second year, we continued to provide 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 three meetings in 2019 focused on a number of areas around children and young people and a roundtable on using psychology to improve policy making.

We have continued to raise our profile in the devolved nations by working with political advisors in Scotland, Wales and Northern Ireland to deliver a programme of policy work that includes tailoring BPS central policy priorities and also delivering work specifically aimed at those in devolved government.

Our ability to respond reactively to government consultations has also been strengthened. We responded to 42 consultations in 2019, including 4 in Wales, 5 in Scotland and 1 in Northern Ireland.

Improving psychology's visibility

Making our discipline and its research findings accessible for the general public is an important objective for the BPS. This involves a proactive approach to connect psychologists with journalists to give expert comment on topical stories, promote the cutting-edge research that is being undertaken by our members and enhance the profile of the BPS.

During the course of this year, the BPS communications team helped around 700 journalists and production companies to connect with qualified psychologists, ensuring that informed psychological comment is available to the media and to programme makers who need to support participants. 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 2019, attracting more than five million visitors from across the world – this is double the 2.5 million from 2017 – and we will continue to develop and expand this valuable resource so as to reach more people and better serve the needs and interests of our members.

2019 Trustees ANNUAL REPORT (Continued)

Preparing for change

We've started a three year programme of change to equip the organisation to meet the challenges posed by a rapidly changing world, and to ensure an important place for psychologists and psychological knowledge within it.

Work is well underway to replace and update our key IT systems and we have recently completed the procurement of a Virtual Learning Environment which will support our members' continuing professional development. With our members, we are now co-designing our membership value proposition, organisation, communication channels and support mechanisms to ensure we remain relevant for the future.

More details about the Society's achievements and performance can be found in the BPS Review of the Year 2019, 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. A new electronic risk management system and tracking system was introduced in 2018 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 issue, 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 an 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).

Since the end of the financial year on 31 December 2019, there has been a significant event, the outbreak of the COVID -19 pandemic, that has affected or may affect the work of the Society. Trustees have been cognisant of the potential impact of the pandemic on the work of the Society, for example, the cancellation of events, volatility in investment values and impacts on income. Risks are being closely monitored and plans have been put in place to mitigate the impact. Please see note 25 – Post Balance Sheet events – COVID-19 on page 40 for further details.

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.

2019 Trustees ANNUAL REPORT (Continued)

Auditors

The Society's appointed external auditors are Mazars LLP. Their help and advice during the year has been appreciated.

2019 Trustees ANNUAL REPORT (Continued)

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
- 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.

Statement on disclosure of information to auditors

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. All the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.



Mr D Murphy
Vice President of the Board of Trustees

11 December 2020

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 2019 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 2019 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
- 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.

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:

- 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.

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

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.

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.

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

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: 16th December 2020

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2019

		2019	2019	2019	2019	2018
	Note	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total £'000	Total £'000
Income:						
Income from charitable activities:						
Subscriptions		6,516	-	-	6,516	6,468
Registers and directories		666	-	-	666	660
Conferences and events		964	-	-	964	918
Journals and book publishing	4	2,143	-	-	2,143	2,136
Other income	5	1,861	-	-	1,861	1,677
Income from other trading activities:						
Trading operations	7	386	-	-	386	465
Investment income	6	427	-	-	427	455
Total Income		<u>12,963</u>	<u>-</u>	<u>-</u>	<u>12,963</u>	<u>12,779</u>
Expenditure:						
Expenditure on raising funds:						
Trading costs	7	336	-	-	336	389
Investment management fees		58	-	-	58	61
Expenditure on charitable activities:						
Advancement of psychology		2,533	-	-	2,533	2,126
Application of psychology		2,083	-	-	2,083	1,989
Conferences and events		1,126	-	-	1,126	976
Co-operation with organisations		331	-	-	331	263
Diffusion of knowledge		2,595	-	-	2,595	2,142
Examinations and training		1,614	-	-	1,614	1,358
Membership		2,810	-	-	2,810	2,325
Science and policy		964	-	-	964	759
Other expenditure:						
Pension provision	24	763			763	763
Change programme costs		1,299	-	-	1,299	-
Total expenditure	8	<u>16,512</u>	<u>-</u>	<u>-</u>	<u>16,512</u>	<u>13,151</u>
Net (losses)/gains on investments	14	2,220	-	-	2,220	(1,042)
Net (loss)/income		<u>(1,329)</u>	<u>-</u>	<u>-</u>	<u>(1,329)</u>	<u>(1,414)</u>
Transfer between funds	17	(4,366)	4,366	-	-	-
Net movement in funds		<u>(5,695)</u>	<u>4,366</u>	<u>-</u>	<u>(1,329)</u>	<u>(1,414)</u>
Reconciliation of funds						
Total funds brought forward		<u>24,000</u>	<u>335</u>	<u>58</u>	<u>24,393</u>	<u>25,807</u>
Total funds carried forward		<u>18,305</u>	<u>4,701</u>	<u>58</u>	<u>23,064</u>	<u>24,393</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 2018 was unrestricted.

THE SOCIETY STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2019

		2019	2019	2019	2019	2018
	Note	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total £'000	Total £'000
Income:						
Income from charitable activities:						
Subscriptions		6,516	-	-	6,516	6,468
Registers and directories		666	-	-	666	660
Conferences and events		964	-	-	964	918
Journals and book publishing	4	2,143	-	-	2,143	2,136
Other income	5	1,861	-	-	1,861	1,677
Income from other trading activities:						
Trading operations	7	126	-	-	126	-
Investment income	6	427	-	-	427	455
Total Income		<u>12,703</u>	<u>-</u>	<u>-</u>	<u>12,703</u>	<u>12,314</u>
Expenditure:						
Expenditure on raising funds:						
Investment management fees		58	-	-	58	61
Expenditure on charitable activities:						
Advancement of psychology		2,533	-	-	2,533	2,126
Application of psychology		2,083	-	-	2,083	1,989
Conferences and events		1,126	-	-	1,126	976
Co-operation with organisations		331	-	-	331	263
Diffusion of knowledge		2,595	-	-	2,595	2,142
Examinations and training		1,614	-	-	1,614	1,358
Membership		2,810	-	-	2,810	2,325
Science and policy		964	-	-	964	759
Other expenditure:						
Pension provision	24	763	-	-	763	763
Change programme costs		1,299	-	-	1,299	-
Total expenditure	8	<u>16,176</u>	<u>-</u>	<u>-</u>	<u>16,176</u>	<u>12,762</u>
Net (losses)/gains on investments	14	2,220	-	-	2,220	(1,042)
Net (loss)/income		<u>(1,253)</u>	<u>-</u>	<u>-</u>	<u>(1,253)</u>	<u>(1,490)</u>
Transfer between funds	17	(4,366)	4,366	-	-	-
Net movement in funds		<u>(5,619)</u>	<u>4,366</u>	<u>-</u>	<u>(1,253)</u>	<u>(1,490)</u>
Reconciliation of funds						
Total funds brought forward		<u>23,924</u>	<u>335</u>	<u>58</u>	<u>24,317</u>	<u>25,807</u>
Total funds carried forward		<u>18,305</u>	<u>4,701</u>	<u>58</u>	<u>23,064</u>	<u>24,317</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 2018 was unrestricted.

CONSOLIDATED BALANCE SHEET
at 31 December 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	13	8,101	8,289
Investments	14	15,200	14,129
Total fixed assets		<u>23,301</u>	<u>22,418</u>
Current assets			
Debtors	15	2,386	3,364
Cash at bank and in hand		732	3,240
		<u>3,118</u>	<u>6,604</u>
Liabilities			
Creditors: amounts falling due within one year	16	(3,355)	(3,866)
Provisions for liabilities			
Pension provision		-	(763)
Net current assets		<u>(237)</u>	<u>1,975</u>
Net assets		<u>23,064</u>	<u>24,393</u>
The funds of the group:			
Restricted income funds	17	58	58
Unrestricted funds:			
General funds	17	14,231	19,911
Designated funds		4,701	335
Revaluation reserve		4,074	4,089
Total unrestricted funds	17	<u>23,006</u>	<u>24,335</u>
Total funds		<u>23,064</u>	<u>24,393</u>

The financial statements on pages 12 to 40 were approved by the Board of Trustees and authorised for issue on 11 December 2020 and signed on its behalf by:



Mr D Murphy
Vice President of the Board of Trustees

SOCIETY BALANCE SHEET
at 31 December 2019

	Note	2019	2018
		£'000	£'000
Fixed assets			
Tangible assets	13	8,101	8,289
Investments	14	15,200	14,129
Total fixed assets		<u>23,301</u>	<u>22,418</u>
Current assets			
Debtors	15	2,695	3,659
Cash at bank and in hand		683	3,075
		<u>3,378</u>	<u>6,734</u>
Liabilities			
Creditors: amounts falling due within one year	16	(3,615)	(4,072)
Provisions for liabilities			
Pension provision		-	(763)
Net current assets		<u>(237)</u>	<u>1,899</u>
Net assets		<u>23,064</u>	<u>24,317</u>
The funds of the Society:			
Restricted income funds	17	58	58
Unrestricted funds:			
General funds	17	14,231	19,835
Designated funds		4,701	335
Revaluation reserve		4,074	4,089
Total unrestricted funds	17	<u>23,006</u>	<u>24,259</u>
Total funds		<u>23,064</u>	<u>24,317</u>

The financial statements on pages 12 to 40 were approved by the Board of Trustees and authorised for issue on 11 December 2020 and signed on its behalf by:



Mr D Murphy
Vice President of the Board of Trustees

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2019

	Note	Group 2019 £'000	Group 2018 £'000	Society 2019 £'000	Society 2018 £'000
Cash provided by operating activities	21	(3,964)	325	(3,848)	256
Cash flow from investing activities:					
Dividend and interest from investments		427	455	427	455
Purchase of tangible fixed assets		(150)	(52)	(150)	(52)
Disposal of tangible fixed assets		30	-	30	-
Purchase of investments		(2,073)	(1,861)	(2,073)	(1,861)
Proceeds from sales of investments		3,222	1,541	3,222	1,541
Cash generated from/(used in) investing activities		1,456	83	1,456	83
Change in cash and cash equivalents in the year		(2,508)	408	(2,392)	339
Cash and cash equivalents at the beginning of the year		3,240	2,832	3,075	2,736
Cash and cash equivalents at the end of the year		732	3,240	683	3,075

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS 31 December 2019

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 2019 was £5,712,363 (2018: £5,783,296).

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 2019 was £170,475 (2018: £226,253).

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 2019

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 2019

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 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 2019

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 2019

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 2019

4. JOURNALS AND BOOK PUBLISHING

	2019	2018
	£'000	£'000
Income from journal subscriptions and sales	2,120	2,112
Income from book and publications sales	23	24
	<u>2,143</u>	<u>2,136</u>
	<u><u>2,143</u></u>	<u><u>2,136</u></u>

5. OTHER INCOME

	2019	2018
	£'000	£'000
Advertising revenue	201	236
Examination income	735	514
Quality assurance	518	486
Rental income	223	197
Professional Development Centre	167	214
Sundry income	17	30
	<u>1,861</u>	<u>1,677</u>
	<u><u>1,861</u></u>	<u><u>1,677</u></u>

6. INVESTMENT INCOME

	2019	2018
	£'000	£'000
Income from listed investments	415	380
Bank and money market interest	12	75
	<u>427</u>	<u>455</u>
	<u><u>427</u></u>	<u><u>455</u></u>

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

31 December 2019

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 2019 are shown below.

	2019	2018
	£'000	£'000
Turnover	380	465
Cost of sales	<u>(133)</u>	<u>(201)</u>
Gross profit	247	264
Distribution costs	(166)	(141)
Administrative costs	<u>(74)</u>	<u>(47)</u>
Profit before interest	7	76
Profit for year	<u>7</u>	<u>76</u>

The assets and liabilities of the subsidiary are:

	2019	2018
	£'000	£'000
Current assets:		
Debtors	456	335
Cash at bank	<u>49</u>	<u>165</u>
	505	500
Creditors: amount falling within one year	<u>(505)</u>	<u>(424)</u>
	<u>-</u>	<u>76</u>

During the year the Society charged BPS Communications Limited service charges amounting to £44,000 (2018: £14,415) in respect of services provided by the Society. Trading costs, excluding these costs, amount to £329,000 (2018: £389,000). At the year-end, the Society was owed £461,000 (2018: £357,000) by BPS Communications Limited and also owed BPS Communications Limited £304,000 (2018: £273,000).

All profits generated by BPS Communications Limited's for 2019 are distributed to the British Psychological Society under Gift Aid.

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2019

8. TOTAL EXPENDITURE

Group	2019	2018
	£'000	£'000
Expenditure on charitable activities:		
Advancement of psychology		
Journal costs	1,085	988
Direct salaries	848	605
Other direct costs	322	300
Support costs	278	233
	2,533	2,126
Application of psychology		
Section expenditure	1,963	1,869
Direct salaries	65	65
Other direct costs	30	30
Support costs	25	25
	2,083	1,989
Conferences and events		
Society conferences	404	406
Direct salaries	422	303
Other direct costs	161	150
Support costs	139	117
	1,126	976
Co-operation with other organisations		
Direct salaries	187	134
Other direct costs	82	77
Support costs	62	52
	331	263
Diffusion of knowledge		
Publishing costs	708	679
Direct salaries	1,107	778
Other direct costs	418	386
Support costs	362	299
	2,595	2,142
Examinations and training		
Examinations costs	409	408
Direct salaries	704	506
Other direct costs	269	250
Support costs	232	194
	1,614	1,358

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2019

8. TOTAL EXPENDITURE (continued)

Group	2019	2018
	£'000	£'000
Expenditure on charitable activities:		
Membership		
Direct salaries	1,643	1,289
Other direct costs	626	583
Support costs	541	453
	<u>2,810</u>	<u>2,325</u>
Science and policy		
Direct salaries	563	404
Other direct costs	215	200
Support costs	186	155
	<u>964</u>	<u>759</u>
Trading costs	336	389
Investment management fees	58	61
Pension provision	763	763
Change programme costs	1,299	-
	<u>2,456</u>	<u>1,213</u>
Total expenditure	<u>16,512</u>	<u>13,151</u>

Society

The total expenditure during the year was £16,176,000 (2018: £12,762,000), which includes all the cost analysis within the group total expenditure above apart from the trading costs £336,000 (2018: £389,000).

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2019

9. SUPPORT COST ALLOCATION

	Property costs £'000	IT costs £'000	HR & Finance £'000	Directorate costs £'000	2019 £'000	2018 £'000
Charitable expenditure:						
Advancement of psychology	33	49	114	82	278	233
Application of psychology	3	5	10	7	25	25
Conferences and events	16	25	57	41	139	117
Co-operation	7	11	26	18	62	52
Diffusion of knowledge	43	64	149	106	362	299
Examinations and training	27	41	96	68	232	194
Membership	64	95	223	159	541	453
Science and policy	22	32	77	55	186	155
Total expenditure	<u>215</u>	<u>322</u>	<u>752</u>	<u>536</u>	<u>1,825</u>	<u>1,528</u>

The Group has identified the costs of the support function and costs which relate to the governance function which amount to £629,049 (2018: 573,736). 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 2019

10. NET INCOME FOR THE YEAR

Group and Society

Net income is stated after charging:

	2019	2018
	£'000	£'000
Depreciation	308	324
Auditors' remuneration - audit services	22	21
- other services	2	2
	<u>2</u>	<u>2</u>

11. STAFF NUMBERS AND EMOLUMENTS

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

	2019	2019	2018	2018
	Full	Part	Full	Part
	time	time	time	time
Leicester office	93	22	87	24
London office	6	2	1	2
Regional centres	1	2	1	2
	<u>100</u>	<u>26</u>	<u>89</u>	<u>28</u>

Remuneration of employees was as follows:

	2019	2018
	Total	Total
	£'000	£'000
Gross wages and salaries	4,216	3,293
Employer's National Insurance	419	330
Defined contribution pension costs	371	293
	<u>5,006</u>	<u>3,916</u>

During the year redundancy and termination payments amounted to £171,685 (2018: £69,524).

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

31 December 2019

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 £371,000 (2018: £293,000), of which £54,240 (2018: £nil) were due at the year-end.

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

	2019	2018
	Number	Number
£60,000 - £69,999	1	1
£70,000 - £79,999	1	1
£80,000 - £89,999	-	-
£90,000 - £99,999	1	-
£100,000 -£109,999	1	
£110,000 - £119,999	1	1

During the year the group paid pension contributions in respect of the above higher paid individuals amounting to £29,249 (2018: £18,059).

12. TRUSTEES’ EMOLUMENTS AND REIMBURSED EXPENSES

The Trustees neither received nor waived any emoluments during the year and for 2019 travelling and subsistence expenses were repaid to 16 Trustees (2018: 14) totalling £10,647 (2018: £15,702).

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 £568,441 (2018: £487,022).

The Society has taken out Trustees’ indemnity insurance. The cost of this insurance for the year was £4,351 (2018: £3,640). No claims have been made under this policy.

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”.

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

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2019

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

	Freehold land & buildings £'000	Computer & Print £'000	Office equipment £'000	Total £'000
Cost				
At 1 January 2019	9,260	412	345	10,017
Additions	-	113	37	150
Disposals	-	(217)		(217)
At 31 December 2019	9,260	308	382	9,950
Depreciation				
At 1 January 2019	1,252	362	114	1,728
Charge for the year	237	34	37	308
Disposals	-	(187)		(187)
At 31 December 2019	1,489	209	151	1,849
Net book value				
At 31 December 2019	7,771	99	231	8,101
At 31 December 2018	8,008	50	231	8,289

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 £7,771,000 (2018: £8,008,000) is £3,855,000 (2018: £3,855,000) relating to non-depreciated freehold land.

Disposals includes write offs of costs and accumulated depreciation during 2019 of assets fully depreciated.

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2019

14. FIXED ASSET INVESTMENTS	2019	2018
Group and Society	£'000	£'000
Market value at 1 January 2019	13,418	13,572
Additions	2,073	2,431
Disposal proceeds	(3,759)	(1,543)
Net investment (loss)/gain unrealised	1,879	(1,093)
Net investment gain/(loss) realised	341	51
	<hr/>	<hr/>
Market value at 31 December 2019	13,952	13,418
	<hr/>	<hr/>
Cash awaiting investment	1,248	711
	<hr/>	<hr/>
Total at 31 December 2019	15,200	14,129
	<hr/> <hr/>	<hr/> <hr/>
Historical cost at end of year	10,151	11,913
	<hr/> <hr/>	<hr/> <hr/>
	2019	2018
	£'000	£'000
Fixed asset investments comprise:		
Listed investments		
Fixed interest securities	1,547	1,756
UK and overseas equities	12,405	11,662
Cash	1,248	711
	<hr/>	<hr/>
	15,200	14,129
	<hr/> <hr/>	<hr/> <hr/>

At 31 December 2019 there were two investments (2018: 1) equating to more than 5% of the total portfolio valuation. (Findlay Park – 5.5%, Vanguard – 5.3%) (2018: Baillie Gifford – 5.4%)

15. DEBTORS

	2019	2018	2019	2018
	Group	Group	Society	Society
	£'000	£'000	£'000	£'000
Trade debtors	1,818	2,966	1,698	2,903
Prepayments and accrued income	315	273	283	273
Amounts due from subsidiary company	-	-	461	357
VAT recoverable	253	125	253	126
	<hr/>	<hr/>	<hr/>	<hr/>
	2,386	3,364	2,695	3,659
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2019

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 Group	2018 Group	2019 Society	2018 Society
	£'000	£'000	£'000	£'000
Trade creditors	524	341	503	274
Subscriptions received in advance	646	689	646	689
Other deferred income	1,262	2,269	1,257	2,269
Other creditors	408	402	408	402
Accruals	359	75	353	75
Amounts due to subsidiary company	-	-	304	273
Other taxation and social security	156	90	144	90
	<u>3,355</u>	<u>3,866</u>	<u>3,615</u>	<u>4,072</u>
Group and Society		Group	Society	
		£'000	£'000	
Balance as at 1 January		2,958	2,958	
Amounts released from previous year		(2,958)	(2,958)	
Income deferred in the year		1,908	1,903	
Balance as at 31 December		<u>1,908</u>	<u>1,903</u>	

Other deferred income comprises Exams fees (£708,570) (2018: £847,399), Annual Conference (£88,439) (2018: £75,616), Accreditation fees (£432,546) (2018: £400,890) and Journal income (£nil) (2018: £945,287), Professional Development Centre £27,485 (2018; £nil).

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2019

17. ANALYSIS OF CHARITABLE FUNDS

Group**Analysis of movements in unrestricted funds**

	Funds brought forward at 1 Jan 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Funds carried forward at 31 Dec 2019 £'000
General	19,911	12,963	(15,213)	(3,430)	14,231
Designated fund	335	-	(1,299)	5,665	4,701
Revaluation reserve	4,089	-	-	(15)	4,074
	<u>24,335</u>	<u>12,963</u>	<u>(16,512)</u>	<u>2,220</u>	<u>23,006</u>

Society**Analysis of movements in unrestricted funds**

	Funds brought forward at 1 Jan 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Funds carried forward at 31 Dec 2019 £'000
General	19,835	12,703	(14,877)	(3,430)	14,231
Designated fund	335	-	(1,299)	5,665	4,701
Revaluation reserve	4,089	-	-	(15)	4,074
	<u>24,259</u>	<u>12,703</u>	<u>(16,176)</u>	<u>2,220</u>	<u>23,006</u>

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2019

17. ANALYSIS OF CHARITABLE FUNDS (continued)

Group

	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

	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>(12,672)</u>	<u>(1,042)</u>	<u>24,259</u>

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 for property improvements was no longer required and has been released during the year. A new designated fund of £6,000,000 has been set up to meet the costs of the organisation wide Change Programme. During the year there was a transfer of £1,299,000 to this fund. The remaining fund of £4,701,000 is expected to be utilised over the course of the Change Programme project.

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 and does not include any amounts for non-depreciable land.

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2019

17. ANALYSIS OF CHARITABLE FUNDS (continued)

Group and Society

Analysis of movements in restricted funds

	Funds brought forward at 1 Jan 2019 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Funds carried forward at 31 Dec 2019 £'000
William Inman	7	-	-	-	7
Visual archive	10	-	-	-	10
BJEP fund	41	-	-	-	41
	<u>58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58</u>

	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
	<u>58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58</u>

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.

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS
31 December 2019

18. FINANCIAL INSTRUMENTS

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

	2019 Group £'000	2018 Group £'000	2019 Society £'000	2018 Society £'000
Financial assets				
Debt instruments measured at amortised cost	1,698	3,079	2,159	3,374
Instruments measured at fair value through profit or loss	15,200	14,129	15,200	14,129
Total net assets	<u>16,898</u>	<u>17,208</u>	<u>17,359</u>	<u>17,503</u>
Financial liabilities				
Debt instruments measured at amortised cost	1,270	806	1,568	1,012

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**Group**

Fund balances at 31 December 2019 are represented by:

	Unrestricted £'000	Restricted £'000	Total £'000
Tangible fixed assets	8,101	-	8,101
Investments	15,200	-	15,200
Current assets	3,060	58	3,118
Current liabilities	(3,355)	-	(3,355)
Total net assets	<u>23,006</u>	<u>58</u>	<u>23,064</u>

Society

Fund balances at 31 December 2019 are represented by:

	Unrestricted £'000	Restricted £'000	Total £'000
Tangible fixed assets	8,101	-	8,101
Investments	15,200	-	15,200
Current assets	3,320	58	3,378
Current liabilities	(3,615)	-	(3,615)
Total net assets	<u>23,006</u>	<u>58</u>	<u>23,064</u>

NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**Group**

Fund balances at 31 December 2018 were 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	<u>24,335</u>	<u>58</u>	<u>24,393</u>

Society

Fund balances at 31 December 2018 were 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	<u>24,259</u>	<u>58</u>	<u>24,317</u>

20. CAPITAL COMMITMENTS

There were no capital commitments contracted for but not provided in 2019 and 2018.

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

	Group 2019 £'000	Group 2018 £'000	Society 2019 £'000	Society 2018 £'000
Net (outgoing)/incoming resources	(1,329)	(1,414)	(1,253)	(1,490)
Adjustments for:				
Depreciation charges	308	324	308	324
Loss/(Gains) on investments	(2,220)	1,042	(2,220)	1,042
Investment income in investing activities	(427)	(455)	(427)	(455)
Decrease in debtors	978	(567)	964	(488)
Decrease in creditors	(511)	632	(457)	560
Decrease in provisions	(763)	763	(763)	763
Net cash provided by operating activities	<u>(3,964)</u>	<u>325</u>	<u>(3,848)</u>	<u>256</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2019

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.

	2019	2018
	£'000	£'000
Amounts due:		
Within 1 year	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:

	2019	2018
	£'000	£'000
Amounts receivable:		
Less one year	62	62
Between one and five years	-	-

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

In 2018 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. Although the Society had successfully concluded negotiations to transfer the Exit debt to another participating member of USS, the Society was unsuccessful in obtaining the consent of the Trustee of USS. The debt of £1.526m was paid during 2019 and the liability pertaining to the debt has been fully discharged.

24. PROVISIONS

The transfer of the Exit debt arising from section 75 of the Pensions Act 1995 via a flexible apportionment arrangement was conditional upon securing the consent of the Trustee of USS to the proposed transfer. During the year the decision of the Trustee of USS to not give this consent led to the debt becoming fully payable. The provision has been released against payments made during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2019

25. POST BALANCE SHEET EVENTS – COVID-19

The Covid-19 pandemic arose after the Society's reporting date 31 December 2019. The Board of Trustees has considered the impact of the pandemic. The assessment was conducted in April 2020 and continued to be updated and monitored until the date of signing. The trustees supported by management believe the Society will remain financially viable and the 2019 annual report and financial statements can continue to be prepared on a going concern basis. Therefore, the Covid-19 crisis is treated as a non – adjusting event.

Legal and Administrative Information

Trustees	President	Professor K S Bullen (to 19.07.2019) Mr D Murphy (from 19.07.2019 to 30.06.2020) Dr H McLaughlin (from 30.06.2020)
	President Elect	Mr D Murphy (to 19.07.2019) Dr H McLaughlin (from 19.07.2019 to 30.06.2020) Dr N MacLennan (from 30.06.2020)
	Vice President	Ms N Gale (to 19.07.2019) Mr D Murphy (from 30.06.2020)
	Honorary General Secretary	Dr C A Allan
	Honorary Treasurer	Professor R J Miller (to 19.07.2019) Dr R Gervais (from 19.07.2019)
	Trustee	Ms A Clarke
	Trustee	Mr C D Lynch
	Trustee	Professor C McGuinness (to 19.07.2020 and from 01.05.2020)
	Trustee	Professor D B O'Connor
	Trustee	Dr H C Nicholas (to 19.07.2019)
	Trustee	Professor J D Wilkinson (to 19.07.2019)
	Trustee	Dr J Foster (from 20.06.2019 to 23.09.2020) Dr A Jowett (from 19.07.2019)
	Trustee	Ms C Buxton (from 19.07.2019)
	Trustee	Professor C Stott (from 19.07.2019 to 12.06.2020)
	Trustee	Dr E Cohen-Tovee (from 19.07.2019)

Chief Executive and Senior Management Team

Chief Executive	Mr S Bajwa
Director of Change Programme	Ms D Ashby (from 11.02.2019)
Director of Communications and Engagement	Ms R Dufton
Director of IT	Mr M Laffan
Director of Finance and Resources	Mr H Hadani (from 14.01.2019)
Director of Policy	Ms K Scott (to 09.10.2020)
Director of Membership and Professional Development	Ms K Beamish (from 07.01.2019)
Director of Knowledge and Insight	Ms D Malpass (from 13.01.2020)
Head of Legal and Governance	Ms C Attfield

Legal and Administrative Information (continued)

Principal place of business	St Andrew's House 48 Princess Road East Leicester LE1 7DR
Statutory auditors	Mazars LLP Statutory Auditor 45 Church Street Birmingham B3 2RT
Principal banker	The Royal Bank of Scotland plc 5 Market Street Leicester LE1 6DN
Legal advisors	Bates Wells Braithwaite LLP 10 Queens Street Place London EC4R 1BE Nelsons 37 New Walk Leicester LE1 6TU
Pension advisors	Aegon Platform Client Services 1-3 Lochside Crescent Edinburgh Park Edinburgh EH12 9SE
Investment managers	Investec Wealth and Investment Ltd 2 Gresham Street London EC2V 7QP CCLA (from 2020) Senator House 85 Queen Victoria Street London EC4V 4ET
Registered Charity Number England and Wales	229642
OSCR Charity Number Scotland	SC039452



the british
psychological society
promoting excellence in psychology

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12.12.2020