

# FINANCIAL STATEMENTS

for the year ended  
31 December 2017

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[www.bps.org.uk](http://www.bps.org.uk)



**The British  
Psychological Society**

Promoting excellence in psychology

## 2017 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 2017.

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. 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 & 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).

### General and financial activities

The Consolidated Statement of Financial Activities for the year is set out on page 10 of the full financial statements.

### Review of 2017

#### Income

The results for this year have been well ahead of expectations. This is partly due to the increase in subscription income from new members who have joined during the year. The journals partnership with Wiley Blackwell continues to perform well and this has been reflected in the figures. Other income streams have performed well.

#### Expenditure

Costs continued to be well controlled in 2017 despite further significant inflation pressure on travel and disbursements which as a geographically distributed membership organization is a significant aspect of the cost base.

### Structure, Governance and Management

The Society is governed by a Royal Charter originally granted in February 1965 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.'

Society information, including details of the Trustees, can be found on pages 35 and 36 or on the Society's website: [www.bps.org.uk](http://www.bps.org.uk).

The Trustees are responsible for the governance of the Society: the day-to-day management is devolved to the chief executive and senior managers. In 2017 the senior management team consisted of Andrea Finkel-Gates (Director of Qualifications and Standards), Russell Hobbs (Director of Finance), Mike Laffan (Director of Corporate Services), Kathryn Scott (Director of Policy and Communications) Helen Clark (Resigned September 2017) and Annjanette Wells (Acting Director of Member Services). Russell Hobbs retired from the Society on 15 June 2018.

The Chief Executive Professor Ann Colley retired on 30 September 2017. Since the year end the Society has appointed a new Chief Executive Sarb Bajwa who took up post on 16 April 2018.

## **2017 TRUSTEES ANNUAL REPORT (Continued)**

### **Governance and internal control**

Trustees meet regularly to review the Society's strategy and performance and to set operating plans and budgets. The Society's Royal Charter and Statutes set out the composition of the Trustee Board and the means whereby Trustees are appointed. There is an induction process for new Trustees.

The Trustees are mindful of the Charity Code of Governance and at the date of this report are conducting an on-going governance review to ensure that the governance of the Society meets the principles and recommended practice of the Code.

### **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 Charities SORP;
- make 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society and the Group will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society and the Group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provision 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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Investment policy and returns**

The Trustees have an agreed approach to ethical investment, which they review regularly. The Society investments were managed during the year by Investec Wealth and Investment.

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, and have agreed the following.

## **2017 TRUSTEES ANNUAL REPORT (Continued)**

### **Society Reserves**

#### **Unrestricted funds**

The Trustees consider they need to take a prudent view of the future, in order to be able to maintain the viability of the organisation. They have decided that a reserves level equivalent to nine months' income is an appropriate guideline for an organisation of this size and complexity. They are aware that the Society is currently carrying a level of reserves that is above this but consider that this is justified in the current economic climate and provides the potential for investment to fulfil the objects of the Society, plans for which are being developed. At 31 December 2017 the free reserves were £16,853,000. This equates to 15 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.

#### **Designated funds**

These funds represent amounts set aside for improvements to the infrastructure of the organisation, particularly IT and Leicester property improvements. A transfer from the fund of £80,000 was made during the year to cover expenditure in 2017.

### **Achievements and Performance**

The Trustees are aware of their obligations in respect of Charities and Public Benefit as defined by the Charities Act 2011. 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 that are relevant to its Royal Charter and Objectives.

#### **1. Membership**

Following a restructure of the membership team in 2017, the team are excited to have a more visible presence and are keen to get to know what our members want and need from their membership of the Society so we can ensure we continue to meet their needs now, and in the future. Membership and subscribership has continued to grow in 2017, with an overall increase of 8,407 (13.6%), the most significant increase is in student members and subscribers. Growth in Graduate and Chartered membership is less at 1,689 (3.9%).

#### **2. Promoting the highest standards in learning and teaching, and professional practice**

The Partnership and Accreditation team continue to work in partnership with higher education institutes to continuously develop the standards of education and training in psychology, and our work on developing the standards for training in the wider psychological workforce continues. The Qualifications department have revised the Qualification in Counselling Psychology and are currently revising the Qualification in Forensic Psychology and the Qualification in Occupational Psychology.

In 2017 the Professional Development Centre (PDC) developed, managed and organised a range of professional development activities for members. PDC managed and organise 16 Conferences (Network and Flagship), attracting over 3500 delegates. There were also 60 centrally coordinated professional development workshops offered by PDC. These consisted of core skills and themed (linked to Policy areas) workshops, and saw nearly 1000 delegates attend.

## 2017 TRUSTEES ANNUAL REPORT (Continued)

PDC has also been leading on development work in a number of areas to increase capacity of professional development activity and create a more diverse range of opportunities for members. This year PDC has successfully trialed the outsourcing of the management of sponsorship and exhibition for a number of conferences, which has resulted in an increase in revenue and added value to the conference delegate experience. PDC is in the process of introducing a new submission and event management system that will enhance the delegate experience. PDC is looking to expand its service in the coming year in engagement with an e-learning authoring tool which will allow the development of a mixed model professional development approach. Work is also ongoing to launch the improved MyCPD system to better support members in planning, recording and reflecting on professional development. 2017 also saw the launch of the new professional development pages on the BPS website.

### 3. Providing excellent publications and events

The Society's magazine, *The Psychologist*, relaunched its print edition with a new size, design and formats; the website reached out to ever-increasing numbers, with number of users up 26% compared with the previous year. Social media reach grew, with Twitter followers reaching 70,000. Two 'The Psychologist Guide to...' leaflets were produced. The live presence at Latitude Festival in Suffolk expanded, with two well-received sessions.

The Research Digest blog published more than 250 posts throughout the year, reaching over 2.2 million unique users. Episodes of the PsychCrunch podcast were downloaded more than 100,000 times.

#### Improving the Society website

All content has been migrated from the old Society website, and numerous improvements made, including the sections on 'Policy, Research and Guidelines', 'Conferences and events', streamlined resources for 'Becoming a psychologist', 'Qualifications' and 'Accreditation', and a new hub for professional development. There has been an increase in site visitors and time spent on site.

#### Media impact

Media monitoring revealed an increase in mentions of the Society of around 17%. More than 1,300 media enquiries were handled, 77 news releases produced and 297 web news items published. PR and Comms team work on benefits sanctions was particularly impactful, leading to front page news coverage and a mention on the Andrew Marr Show. Briefing / position papers on suicide prevention, aviation, and 'what good looks like in psychological services', all received considerable coverage. Social media reach grew, for example hitting more than a quarter of a million 'friends' on Facebook

### 4. Policy and Public Engagement

The Society's influence on the policy agenda has increased through well-attended events at Westminster, Stormont, Holyrood and Cardiff, and meetings at the Conservative and Labour party conferences. Mental Health, especially for children and young people, is a key policy issue and the Society has responded to the Government's Green Paper and met with Department for Education and Department of Health and Social Care officials to provide expert policy input from the psychology evidence base.

The All Party Parliamentary Group for Psychology (APPG) was formed in July 2017 and the Society is providing the Secretariat for the Group, which is chaired by Lisa Cameron MP. Meetings of the APPG have up to the date of this report focused on understanding extremist behaviour, healthy workplaces, children and young people's mental health, and internet trolling.

## 2017 TRUSTEES ANNUAL REPORT (Continued)

The Society has also continued to build our level of influence on Work and Health, by responding to the Green Paper, making significant contributions to the Expert Advisory Group of Joint Work and Health Unit, meeting with key officials at the Department for Health and Social Care and the Department for Work and Pensions, MPs and other stakeholders. The Society has also led on collaborative work with the main psychological therapy organisations. During the year, the Society led the coalition which produced the second version of the Memorandum of Understanding on Conversion Therapy in the UK.

The Society's Public Engagement events included the Cheltenham Literature and Science festivals, the Edinburgh Science Festival, the annual Joint Lecture with the British Academy and a second special event at the Royal Society on Replication and Reproducibility in Psychology with the Joint Committee for Psychology in Higher Education, the Experimental Psychology Society and the Association of Heads of Psychology Departments.

In 2017 in order to achieve focus in public affairs work, the Society developed an impact statement which sets out our aims in this area of work:

'People are equipped with the everyday psychological skills and knowledge to navigate a complex world, knowing themselves and others better. Everyone can access evidence-based psychology to enhance their lives, communities and wider society.'

The Society also developed a set of core policy objectives across the different domains of practice, research, education and training and public policy, for example a focus on prevention and early intervention, in order to gain traction and build our reputation with policy makers.

### 5. International Engagement

Psychology is a global discipline and the Society is a member of the International Union of Psychological Science (IUPsyS) and also of the European Federation of Psychologists' Associations (EFPA). During the year the Society has engaged actively with these networks to the benefit of the discipline and profession. The Society also has Memoranda of Understanding (MoU) with various individual country psychology organisations where there is mutual benefit to deepening collaboration. Various activities have been pursued during the year with MoU societies.

### 6. Supporting Member Networks

The Society has continued to support its Members through its Member Networks. These include Divisions, Special Groups and Sections, which are based around professional and scientific interest, and Branches which provide local engagement to Members across the UK.

Member Networks have worked with the Professional Development Centre and Member Network Services Team, to deliver Conferences and workshops, and public and student engagement events. They have also produced a range of publications and guidance documents for their Members and the public.

The Structural Review will continue which aims to identify the most appropriate structure and remits for our Networks and BPS in order to best meet the Society's aims and needs of Members. The Society has continued to work to develop productive working relationships with its members through the Member Networks.

### 7. Infrastructure

The operating costs for the Society offices have increased as expected but these have been well maintained within the overall budgets set.

## 2017 TRUSTEES ANNUAL REPORT (Continued)

Infrastructure investment for the year has been limited to low cost repairs and renewals as required and budgeted. There is increasing emphasis in moving to secure cloud based user systems infrastructure whilst maintaining central control of core personal and commercially confidential data. Cloud based services will bring increased collaboration and communications benefits for active members of the Society.

### 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. During 2017 there has been a significant reassessment of the Society's approach to and systems for risk assessment and management, and there has been a review of all risk work by external consultants, which has included significant staff engagement. As at the date of this report, in 2018 the trustees have formed a new Risk and Assurance sub-committee of the Board.

### Employee involvement and employment

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

### Auditors

RSM UK Audit LLP are responsible for the audit of the Society and have indicated their willingness to continue in office. Their help and advice during the year has been appreciated.



Ms N K Gale  
President, Chair of the Board of Trustees

27 July 2018

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

### **Opinion on financial statements**

We have audited the financial statements of The British Psychological Society (the 'Society') and its subsidiary (the 'group') for the year ended 31 December 2017 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 Society's affairs as at 31 December 2017 and of the group's and Society's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

### **Basis for opinion**

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 151 of the Charities Act 2011 and report in accordance with regulations made under those Acts.

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 group 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 Society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

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

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

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

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is not consistent with the financial statements; or
- proper and sufficient accounting records have not been kept by the Society; or
- the Society 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.

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' responsibilities set out on page 3, 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 and Society'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 Society or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Use of our report**

This report is made solely to the Society's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and 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 Society's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

RSM UK Audit LLP

Statutory Auditor

Suite A, 7<sup>th</sup> Floor

City Gate East

Tollhouse Hill

Nottingham

NG1 5FS

Date *11<sup>th</sup> October 2018*

RSM UK Audit LLP 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 2017

		2017	2017	2017	2017	2016
	Note	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total £'000	Total £'000
<b>Income:</b>						
<b>Income from charitable activities:</b>						
Subscriptions		6,455	-	-	6,455	6,302
Registers and Directories		763	-	-	763	693
Conferences and events		983	-	-	983	915
Journals & Book publishing	4	2,253	-	-	2,253	1,860
Other income	5	2,155	-	-	2,155	2,128
<b>Income from other trading activities:</b>						
Trading operations	7	489	-	-	489	438
<b>Investment income</b>	6	439	-	-	439	348
<b>Total Income</b>		<u>13,537</u>	<u>-</u>	<u>-</u>	<u>13,537</u>	<u>12,684</u>
<b>Expenditure:</b>						
<b>Expenditure on raising funds:</b>						
Trading costs	7	367	-	-	367	335
Investment management fees		76	-	-	76	49
<b>Expenditure on charitable activities:</b>						
Advancement of Psychology		2,113	-	-	2,113	2,010
Application of Psychology		1,972	-	-	1,972	1,849
Conferences and events		1,039	-	-	1,039	1,088
Co-operation with others		264	-	-	264	246
Diffusion of knowledge		2,169	-	-	2,169	2,051
Examinations and training		1,432	-	-	1,432	1,334
Membership		2,311	-	-	2,311	2,155
Science and Policy		794	-	-	794	738
<b>Total expenditure</b>	8	<u>12,537</u>	<u>-</u>	<u>-</u>	<u>12,537</u>	<u>11,855</u>
Net gains on investments	14	1,190	-	-	1,190	1,395
<b>Net income</b>		<u>2,190</u>	<u>-</u>	<u>-</u>	<u>2,190</u>	<u>2,224</u>
Transfer between funds	17	80	(80)	-	-	-
<b>Net movement in funds</b>		<u>2,270</u>	<u>(80)</u>	<u>-</u>	<u>2,190</u>	<u>2,224</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>23,144</u>	<u>415</u>	<u>58</u>	<u>23,617</u>	<u>21,393</u>
<b>Total funds carried forward</b>		<u>25,414</u>	<u>335</u>	<u>58</u>	<u>25,807</u>	<u>23,617</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 2016 was unrestricted.

THE SOCIETY STATEMENT OF FINANCIAL ACTIVITIES  
for the year ended 31 December 2017

		2017	2017	2017	2017	2016
	Note	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total £'000	Total £'000
<b>Income:</b>						
<b>Income from charitable activities:</b>						
Subscriptions		6,455	-	-	6,455	6,302
Registers and Directories		763	-	-	763	693
Conferences and events		983	-	-	983	915
Journals & Book publishing	4	2,253	-	-	2,253	1,860
Other income	5	2,155	-	-	2,155	2,128
<b>Income from other trading activities:</b>						
Trading operations	7	121	-	-	121	103
<b>Investment income</b>	6	440	-	-	440	348
<b>Total Income</b>		<u>13,170</u>	<u>-</u>	<u>-</u>	<u>13,170</u>	<u>12,349</u>
<b>Expenditure:</b>						
<b>Expenditure on raising funds:</b>						
Investment management fees		76	-	-	76	49
<b>Expenditure on charitable activities:</b>						
Advancement of Psychology		2,113	-	-	2,113	2,010
Application of Psychology		1,972	-	-	1,972	1,849
Conferences and events		1,039	-	-	1,039	1,088
Co-operation with others		264	-	-	264	246
Diffusion of knowledge		2,169	-	-	2,169	2,051
Examinations and training		1,432	-	-	1,432	1,334
Membership		2,311	-	-	2,311	2,155
Science and Policy		794	-	-	794	738
<b>Total expenditure</b>	8	<u>12,170</u>	<u>-</u>	<u>-</u>	<u>12,170</u>	<u>11,520</u>
Net gains on investments	14	1,190	-	-	1,190	1,395
<b>Net income</b>		<u>2,190</u>	<u>-</u>	<u>-</u>	<u>2,190</u>	<u>2,224</u>
Transfer between funds	17	80	(80)	-	-	-
<b>Net movement in funds</b>		<u>2,270</u>	<u>(80)</u>	<u>-</u>	<u>2,190</u>	<u>2,224</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>23,144</u>	<u>415</u>	<u>58</u>	<u>23,617</u>	<u>21,393</u>
<b>Total funds carried forward</b>		<u>25,414</u>	<u>335</u>	<u>58</u>	<u>25,807</u>	<u>23,617</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 2016 was unrestricted.

# CONSOLIDATED BALANCE SHEET at 31 December 2017

	Note	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Tangible assets	13	8,561	8,836
Investments	14	14,851	12,884
<b>Total fixed assets</b>		<u>23,412</u>	<u>21,720</u>
<b>Current assets</b>			
Debtors	15	2,797	2,055
Cash at bank and in hand		2,832	2,410
<b>Liabilities</b>		<u>5,629</u>	<u>4,465</u>
Creditors: amounts falling due within one year	16	(3,234)	(2,568)
<b>Net current assets</b>		<u>2,395</u>	<u>1,897</u>
<b>Net assets</b>		<u>25,807</u>	<u>23,617</u>
<b>The funds of the group:</b>			
Restricted income funds	17	58	58
<b>Unrestricted funds:</b>	17		
General funds		21,611	18,981
Designated funds		335	415
Revaluation reserve		3,803	4,163
<b>Total unrestricted funds</b>	17	<u>25,749</u>	<u>23,559</u>
<b>Total funds</b>		<u>25,807</u>	<u>23,617</u>

The financial statements on pages 10 to 34 were approved by the Board of Trustees and authorised for issue on 27 July 2018 and signed on its behalf by:



Ms N K Gale  
President, Chair of the Board of Trustees

# SOCIETY BALANCE SHEET at 31 December 2017

	Note	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Tangible assets	13	8,561	8,836
Investments	14	14,851	12,884
<b>Total fixed assets</b>		<u>23,412</u>	<u>21,720</u>
<b>Current assets</b>			
Debtors	15	3,171	2,351
Cash at bank and in hand		2,736	2,411
<b>Liabilities</b>		<u>5,907</u>	<u>4,762</u>
Creditors: amounts falling due within one year	16	(3,512)	(2,865)
<b>Net current assets</b>		<u>2,395</u>	<u>1,897</u>
<b>Net assets</b>		<u>25,807</u>	<u>23,617</u>
<b>The funds of the Society:</b>			
Restricted income funds	17	58	58
<b>Unrestricted funds:</b>	17		
General funds		21,611	18,981
Designated funds		335	415
Revaluation reserve		3,803	4,163
<b>Total unrestricted funds</b>	17	<u>25,749</u>	<u>23,559</u>
<b>Total funds</b>		<u>25,807</u>	<u>23,617</u>

The financial statements on pages 10 to 34 were approved by the Board of Trustees and authorised for issue on 27 July 2018 and signed on its behalf by:



Ms N K Gale  
President, Chair of the Board of Trustees

# STATEMENTS OF CASH FLOWS

## for the year ended 31 December 2017

	Note	Group 2017 £'000	Group 2016 £'000	Society 2017 £'000	Society 2016 £'000
<b>Cash provided by operating activities</b>	21	881	927	784	929
Cash flow from investing activities:					
Dividend and interest from investments		439	348	439	348
Purchase of tangible fixed assets		(121)	(657)	(121)	(657)
Purchase of investments		(2,177)	(2,843)	(2,177)	(2,843)
Proceeds from sales of investments		1,400	2,115	1,400	2,115
<b>Cash used in investment activities</b>		(459)	(1,037)	(459)	(1,037)
<b>Change in cash and cash equivalents in the year</b>		422	(110)	325	(108)
<b>Cash and cash equivalents at the beginning of the year</b>		2,410	2,520	2,411	2,519
<b>Cash and cash equivalents at the end of the year</b>		2,832	2,410	2,736	2,411

## NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

31 December 2017

### 1. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF 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. Journal income includes an estimate of profit for 2017 derived from the Wiley Blackwell contract and based on estimates provided during the year.

### 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 the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (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 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).

#### (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.

## NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

31 December 2017

### 2. ACCOUNTING POLICIES (continued)

**(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 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 includes an estimate of the profit share based on the contract with Wiley Blackwell. It is an estimate based on figures provided during the year.

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 stated at fair value. 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 using the effective interest rate method 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.

**(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.

***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.

**(g) *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 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.

## NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

31 December 2017

### 2. ACCOUNTING POLICIES (*continued*)

**(h) Value added tax (VAT)**

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

**(i) Allocation of support costs**

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

**(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.

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.

## NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

31 December 2017

### 2. ACCOUNTING POLICIES (*continued*)

**(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 provision 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 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 Universities Superannuation Scheme Limited (USS) pension scheme which is treated as a defined contribution scheme from the perspective of the Society. Since the year end, there are no active members in the USS pension scheme.

**(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.

**(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 over the period of the lease.

# NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

## 31 December 2017

### 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.

### 4. JOURNALS AND BOOK PUBLISHING

	2017 £'000	2016 £'000
Income from journal subscriptions and sales	2,234	1,841
Income from book and publications sales	19	19
	<u>2,253</u>	<u>1,860</u>
	<u><u>2,253</u></u>	<u><u>1,860</u></u>

# NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

## 31 December 2017

### 5. OTHER INCOME

	2017 £'000	2016 £'000
Advertising revenue	233	218
Examination income	979	969
Quality assurance	555	422
Mailing services	-	30
Rental income	174	205
Learning Centre	184	258
Sundry income	30	26
	<u>2,155</u>	<u>2,128</u>

### 6. INVESTMENT INCOME

	2017 £'000	2016 £'000
Income from listed investments	357	272
Bank and money market interest	82	76
	<u>439</u>	<u>348</u>

## NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

31 December 2017

## 7. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

The Society is the 100% owner, through nominees, of BPS Communications Limited (company number 0132669), which publishes *The Psychologist* and other related activities of The British Psychological Society. The company Gift Aids any profits to the Society each year.

The company's trading results for the twelve months to 31 December 2017 are shown below.

	2017 £'000	2016 £'000
Turnover	489	438
Cost of sales	(198)	(172)
Gross profit	291	266
Distribution costs	(141)	(137)
Administrative costs	(46)	(43)
Profit before interest	104	86
Profit for year	104	86

The assets and liabilities of the subsidiary are:

	2017 £'000	2016 £'000
Current assets:		
Debtors	353	405
Cash at bank	96	-
	449	405
Creditors: amount falling within one year	(449)	(405)
	-	-

During the year the Society charged BPS Communications Limited service charges amounting to £17,000 (2016: £17,000) in respect of services provided by the Society. Trading costs, excluding these costs, amount to £367,000 (2016: £335,000). At the year end, the Society was owed £434,000 (2016: £383,000) by BPS Communications Limited and also owed BPS Communications Limited £278,000 (2016: £319,000).

# NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

## 31 December 2017

### 8. TOTAL EXPENDITURE

Group	2017 £'000	2016 £'000
<b>Expenditure on charitable activities:</b>		
<b>Advancement of Psychology</b>		
Journal costs	940	902
Direct salaries	588	565
Other direct costs	357	323
Support costs	228	220
	<u>2,113</u>	<u>2,010</u>
<b>Application of Psychology</b>		
Section expenditure	1,844	1,728
Direct salaries	65	65
Other direct costs	36	30
Support costs	27	26
	<u>1,972</u>	<u>1,849</u>
<b>Conferences and events</b>		
Society conferences	453	533
Direct salaries	294	284
Other direct costs	178	161
Support costs	114	110
	<u>1,039</u>	<u>1,088</u>
<b>Co-operation with other organisations</b>		
Direct salaries	131	125
Other direct costs	82	72
Support costs	51	49
	<u>264</u>	<u>246</u>
<b>Diffusion of knowledge</b>		
Publishing costs	667	632
Direct salaries	752	720
Other direct costs	459	419
Support costs	291	280
	<u>2,169</u>	<u>2,051</u>
<b>Examinations and training</b>		
Examinations costs	455	411
Direct salaries	490	471
Other direct costs	297	269
Support costs	190	183
	<u>1,432</u>	<u>1,334</u>

# NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

## 31 December 2017

### 8. TOTAL EXPENDITURE (continued)

Group	2017 £'000	2016 £'000
<b>Expenditure on charitable activities:</b>		
<b>Membership</b>		
Direct salaries	1,145	1,099
Other direct costs	723	629
Support costs	443	427
	<u>2,311</u>	<u>2,155</u>
<b>Science and Policy</b>		
Direct salaries	392	215
Other direct costs	250	377
Support costs	152	146
	<u>794</u>	<u>738</u>
Trading costs	367	335
Investment management fees	76	49
	<u>443</u>	<u>384</u>
<b>Total Expenditure</b>	<u>12,537</u>	<u>11,855</u>

## NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

31 December 2017

## 8. TOTAL EXPENDITURE (continued)

**Society**

The total expenditure during the year was £12,537,000 (2016: £11,520,000), which includes all the cost analysis within the group total expenditure above apart from the trading costs £367,000 (2016: £335,000).

## 9. SUPPORT COST ALLOCATION

	Property costs £'000	IT costs £'000	HR & Finance £'000	Directorate costs £'000	2017 £'000	2016 £'000
Charitable expenditure:						
Advancement of Psychology	27	40	94	67	228	220
Application of Psychology	3	5	11	8	27	26
Conferences and events	13	20	47	34	114	110
Co-operation	6	9	21	15	51	49
Diffusion of knowledge	35	51	120	85	291	280
Examinations and training	22	34	78	56	190	183
Membership	52	78	183	130	443	427
Science and policy	18	27	62	45	152	146
Total Expenditure	176	264	616	440	1,496	1,441
	2017 £'000	2016 £'000				
Support costs include:						
Equipment and property	524	529				
System development	357	286				
Consultancy	137	196				
Depreciation	396	322				
Legal and professional	75	97				
Marketing	7	11				
	1,496	1,441				

## NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

### 31 December 2017

#### 9. SUPPORT COST ALLOCATION (continued)

The Group has identified the costs of the support function and costs which relate to the governance function. 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.

#### 10. NET INCOME FOR THE YEAR

##### Group and Society

Net income is stated after charging:

	2017 £'000	2016 £'000
Operating leases	-	4
Depreciation	396	322
Auditors' remuneration - audit services	26	22
- other services	62	52

#### 11. STAFF NUMBERS AND EMOLUMENTS

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

	2017 Full time	2017 Part time	2016 Full time	2016 Part time
Leicester office	77	21	83	13
London office	1	-	1	-
Regional centres	1	2	1	1
	79	23	85	14

Remuneration of employees was as follows:

	2017 Total £'000	2016 Total £'000
Gross wages and salaries	3,397	3,256
Employer's National Insurance	322	317
Employer's Pension payments	288	286
	4,007	3,859

## NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

31 December 2017

**11. STAFF NUMBERS AND EMOLUMENTS (continued)**

During the year, the Society made contributions of £14,292 (2016: £18,076) to a final salary scheme (USS) on behalf of 1 employee. The plan's actuary has advised that it is not possible to separately identify the assets and liabilities relating to the individual employee for the purpose of FRS102 disclosure. Since the year end, there are no active members in the USS pension scheme and the Society is in discussions with the USS about a potential closure liability. As the value of any potential liability is not currently quantifiable, no provision has been included in the financial statements.

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from these of the group in an independently administered fund. The contributions payable by the Group and charged to the Statement of Financial Activities were £274,000 (2016: £268,000). No balance was due at the year end.

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

	2017 Number	2016 Number
£60,000 - £69,999	2	2
£70,000 - £79,999	1	-
£100,000 - £109,999	-	1

During the year the group paid pension contributions in respect of the above higher paid individuals amounting to £26,652 (2016: £30,029).

**12. TRUSTEES' EMOLUMENTS AND REIMBURSED EXPENSES**

The Trustees neither received nor waived any emoluments during the year and for 2017 travelling and subsistence expenses were repaid to 14 Trustees (2016: 15) totalling £40,761 (2016: 42,901).

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 £442,444 (2016: £448,070).

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".

	2017 £	2016 £
President 2017 - 2018	£nil	£nil
President 2016 - 2017	£nil	£nil
President 2015 - 2016	-	6,600
Honorary General Secretary	35,000	-

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

# NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

## 31 December 2017

### 13. TANGIBLE FIXED ASSETS

#### Group and Society

	Freehold land & buildings £'000	Computer & Print £'000	Office equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2017	9,219	687	946	10,852
Additions	41	58	22	121
Disposals	-	(347)	(644)	(991)
At 31 December 2017	9,260	398	324	9,982
<b>Depreciation</b>				
At 1 January 2017	770	627	619	2,016
Charge for the year	241	51	104	396
Disposals	-	(347)	(644)	(991)
At 31 December 2017	1,011	331	79	1,421
<b>Net book value</b>				
At 31 December 2017	8,249	67	245	8,561
At 31 December 2016	8,449	60	327	8,836

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

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

Included in the net book value of the freehold land and building of £8,249,000 (2016: £8,449,000) is £3,855,000 (2016: £3,855,000) relating to non-depreciated freehold land.

Disposals includes write offs of costs and accumulated depreciation during 2017 of assets fully depreciated.

# NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

## 31 December 2017

<b>14. FIXED ASSET INVESTMENTS</b>	<b>2017</b>	<b>2016</b>
<b>Group and Society</b>	<b>£'000</b>	<b>£'000</b>
Fair value at the beginning of year	12,884	10,761
Additions	2,177	2,843
Disposal proceeds	(1,400)	(2,115)
Net investment gains	1,190	1,395
<b>Fair value at end of year</b>	<b>14,851</b>	<b>12,884</b>
<b>Historical cost at end of year</b>	<b>11,206</b>	<b>10,364</b>
	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Fixed asset investments comprise:		
Listed investments		
Fixed interest securities	1,610	1,576
UK and Overseas Equities	11,962	10,462
Cash	1,279	846
	<b>14,851</b>	<b>12,884</b>

At 31 December 2017 there was one investment (2016: 1) equating to more than 5% of the total portfolio valuation. (Baillie Gifford – 6.1%)

# NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

## 31 December 2017

### 15. DEBTORS

	2017 Group	2016 Group	2017 Society	2016 Society
	£'000	£'000	£'000	£'000
Trade debtors	144	55	144	55
Other debtors	2,361	1,873	2,301	1,786
Amounts due from subsidiary company	-	-	434	383
Prepayments and accrued income	292	127	292	127
	<u>2,797</u>	<u>2,055</u>	<u>3,171</u>	<u>2,351</u>

### 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 Group	2016 Group	2017 Society	2016 Society
	£'000	£'000	£'000	£'000
Trade creditors	24	-	24	166
Subscriptions received in advance	672	781	672	781
Other deferred income	1,329	1,199	1,329	1,199
Other creditors	1,070	447	1,070	259
Accruals	59	52	59	52
Amounts due to subsidiary company	-	-	278	319
Other taxation and social security	80	89	80	89
	<u>3,234</u>	<u>2,568</u>	<u>3,512</u>	<u>2,865</u>

# NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

## 31 December 2017

### 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

#### Group and Society

	£'000
Balance as at 1 January	1,980
Amounts released from previous year	(1,980)
Income deferred in the year	2,001
Balance as at 31 December	2,001

Deferred income comprises Subscriptions received in advance (£671,784), Exams fees (£1,158,289) and Annual Conference (£119,259) and Learning Centre fees (£29,536) and Rental income (£22,137).

### 17. ANALYSIS OF CHARITABLE FUNDS

#### Group

#### Analysis of movements in unrestricted funds

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

	Funds brought forward at 1 Jan 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Funds carried forward at 31 Dec 2016 £'000
General	16,822	12,684	(11,855)	1,330	18,981
Designated fund	350	-	-	65	415
Revaluation reserve	4,163	-	-	-	4,163
	21,335	12,684	(11,855)	1,395	23,559

## NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

31 December 2017

**17. ANALYSIS OF CHARITABLE FUNDS (continued)**

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 Society may, following the approval of the Trustee of the Society, set aside funds for specific purposes. The Fund is designated for property improvements to the Leicester office. During the year there was a transfer out of the fund of £80,000 for expenditure incurred. The remaining Fund of £335,000 is for continuing development work at the Leicester office in relation to external fire escapes and frontage improvements.

Revaluation reserve: This fund represents the surplus from the revaluation to fair value at 1 January 2014, permitted by FRS 102 transitions provisions, with respect to freehold land and building to determine the new deemed cost at that date.

**Group and Society****Analysis of movements in restricted funds**

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

	<b>Funds brought forward at</b>			<b>Gains and</b>	<b>Funds carried forward at</b>
	<b>1 Jan 2016</b>	<b>Income</b>	<b>Expenditure</b>	<b>losses</b>	<b>31 Dec 2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
William Inman	7	-	-	-	7
Visual archive	10	-	-	-	10
BJEP fund	41	-	-	-	41
	<u>58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58</u>

## NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

### 31 December 2017

#### 17. ANALYSIS OF CHARITABLE FUNDS (continued)

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

#### 18. FINANCIAL INSTRUMENTS

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

	2017 Group £'000	2016 Group £'000	2017 Society £'000	2016 Society £'000
<b>Financial assets</b>				
Debt instruments measured at amortised cost	2,505	1,928	2,879	2,224
Instruments measured at fair value through profit or loss	14,851	12,884	14,851	12,884
<b>Total net assets</b>	<b>17,356</b>	<b>14,812</b>	<b>17,730</b>	<b>15,108</b>
<b>Financial liabilities</b>				
Debt instruments measured at amortised cost	1,153	499	1,431	796

#### 19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

##### Group

Fund balances at 31 December 2017 are represented by:

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

# NOTES TO THE CONSOLIDATED AND SOCIETY FINANCIAL STATEMENTS

## 31 December 2017

### 19. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

#### Society

Fund balances at 31 December 2017 are represented by:

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

#### Group

Fund balances at 31 December 2016 were represented by:

	Unrestricted £'000	Restricted £'000	Total £'000
Tangible fixed assets	8,836	-	8,836
Investments	12,884	-	12,884
Current assets	4,407	58	4,465
Current liabilities	(2,568)	-	(2,568)
<b>Total net assets</b>	<b>23,559</b>	<b>58</b>	<b>23,617</b>

#### Society

Fund balances at 31 December 2016 were represented by:

	Unrestricted £'000	Restricted £'000	Total £'000
Tangible fixed assets	8,836	-	8,836
Investments	12,884	-	12,884
Current assets	4,704	58	4,762
Current liabilities	(2,865)	-	(2,865)
<b>Total net assets</b>	<b>23,559</b>	<b>58</b>	<b>23,617</b>

### 20. CAPITAL COMMITMENTS

	2017 £'000	2016 £'000
<b>Group and Society</b>		
Contracted for, but not provided in the financial statements	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

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

	Group 2017 £'000	Group 2016 £'000	Society 2017 £'000	Society 2016 £'000
Net income	2,190	2,224	2,190	2,224
Adjustments for:				
Depreciation charges	396	322	396	322
Gains on investments	(1,190)	(1,395)	(1,190)	(1,395)
Investment income in investing activities	(439)	(348)	(439)	(348)
Increase in debtors	(742)	(607)	(820)	(654)
Increase in creditors	666	731	647	780
<b>Net cash provided by operating activities</b>	<b>881</b>	<b>927</b>	<b>784</b>	<b>929</b>

### 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.

	2017 £'000	2016 £000
Amounts due:		
Within 1 year	4	4

#### The Group and Society as lessor:

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

	2017 £000	2016 £000
Amounts receivable:		
Less one year	67	67
Between one and five years	136	203

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.

## SOCIETY INFORMATION

### Trustees

President	Ms N K Gale
President Elect	Professor K S Bullen
Vice President	Vacant
Honorary General Secretary	Dr C A Allan
Honorary Treasurer	Professor R J Miller
Trustee	Ms A Clarke
Trustee	Dr M J Forshaw
Trustee	Mr C D Lynch
Trustee	Professor C McGuinness (appointed September 2017)
Trustee	Professor D B O'Connor
Trustee	Dr L O'Dell (resigned January 2018)
Trustee	Dr H C Nicholas
Trustee	Professor J D Wilkinson

### Chief Executive and Senior Management Team

Chief Executive	Professor A Colley (retired September 2017)
	Mr S Bajwa (appointed April 2018)
Director of Qualifications and Standards	Mrs A Finkel-Gates
Director of Finance	Mr R Hobbs (retired June 2018)
Director of Corporate Services	Mr M Laffan
Director of Policy and Communications	Ms K Scott
Director of Member Services ( <i>acting</i> )	Ms H Clark (resigned July 2017)
	Ms A Wells (appointed August 2017)

### Governance Manager

Ms C Attfield (appointed January 2018)

### Principal place of business

St Andrew's House  
48 Princess Road East  
Leicester  
LE1 7DR

### Independent auditors

RSM UK Audit LLP  
Chartered Accountants  
Suite A, 7<sup>th</sup> Floor, City Gate East  
Tollhouse Hill  
Nottingham  
NG1 5FS

### Bankers

The Royal Bank of Scotland plc  
5 Market Street  
Leicester  
LE1 6DN

### Pension Advisors

Aesir Wealth Ltd  
SQ2 House, 240b Lichfield Road  
Sutton Coldfield  
West Midlands  
B74 2UD

## **SOCIETY INFORMATION (continued)**

### **Pension Advisors**

Aesir Wealth Ltd  
SQ2 House, 240b Lichfield Road  
Sutton Coldfield  
West Midlands  
B74 2UD

### **Investment Managers**

Investec Wealth and Investment Ltd  
2 Gresham Street  
London  
EC2V 7QP

### **England and Wales Registered Charity Number**

229642

### **Scottish Registered Charity Number**

SC039452