

The Chartered Society of Physiotherapy

FINANCIAL STATEMENTS

31 December 2021

The Chartered Society of Physiotherapy

ANNUAL REPORT & STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

The Chartered Society of Physiotherapy (CSP) is incorporated under Royal Charter and is a trade union on the Special Register under the Trade Union and Labour Relations (Consolidation) Act 1992.

THE CHARTERED SOCIETY'S MISSION:

The Chartered Society of Physiotherapy is a progressive, dynamic, member-centred organisation that aims to:

- lead and support all members in developing and promoting high quality, innovative patient care;
- protect and further advance the interests and working lives of our members;
- raise the profile of the profession and influence the health care agenda; and
- work openly in partnership to meet the diverse needs of both our members and their patients.

THE CHARTERED SOCIETY OPERATES BY:

- providing information and advisory services to members as a professional and educational body, and as a trade union;
- promoting their interests in discussion with Governmental and other bodies;
- presenting evidence to the Pay Review Body, and conducting negotiations through the relevant Whitley Council;
- defending members in appropriate circumstances, including cases involving the criminal and civil courts; employers' disciplinary machinery; and professional disciplinary procedures;
- promoting the effective development of physiotherapy education and research at both pre-registration and post-registration levels;
- formally validating courses of physiotherapy education;
- providing advice to members of the public on the services of physiotherapists and other public relations work;
- organising events such as conferences and courses for members and others;
- publishing a professional journal and a news magazine; and
- providing members with professional liability insurance.

The Royal Charter and Bye-Laws of the Society provide for its activities to be directed by a Council of 12 elected members. The management of the Society is under the supervision of the Chief Executive, who is accountable to the Council, through the Chair of Council, for day to day management.

PREPARATION OF ACCOUNTS ON A GOING CONCERN BASIS

The CSP continues to prepare its accounts on a Going Concern basis. Physiotherapists are performing a critical role in the UK's response to the ongoing Covid-19 pandemic, both in hospitals and as patients are rehabilitated back into the community. Membership numbers have been steadily growing by over 2% a year for the past 6 years, from 53,019 on 31st March 2015 to 63,107 as at 31st December 2021. In spite of COVID-19 this trend is projected to continue as the services of the physiotherapy workforce remain in high demand and with greater numbers studying physiotherapy and more universities offering the course than ever before.

The Chartered Society of Physiotherapy

ANNUAL REPORT & STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES (CONTINUED)

PREPARATION OF ACCOUNTS ON A GOING CONCERN BASIS (continued)

The CSP pension scheme liability presents a significant long term risk and is being actively managed by the CSP. The decrease in the pension liability from £37.2m at the end of 2020 to £29.8m at the end of 2021, partially offset the assets of the organisation, resulting in a net liability position of £30k. While a significant risk in the longer term, and one which the CSP has a finance strategy to address, it must be stressed that the pension liability is a long term liability. As it will not fall due within a shorter term frame, it is not considered to pose a significant or immediate threat to the CSP's Going Concern status. In 2021 the CSP contributed £1.0m as the third instalment of a ten year deficit recovery plan and it continues to be able to meet this commitment. The recovery plan is currently under review as the triennial actuarial valuation as at 30th April 2021 is still in draft. CSP, as the employer, is in negotiations with the Trustees, with the triennial valuation due to be filed by 30th June 2022, and an updated recovery plan to be included.

While there remains some uncertainty on the level of repayments that may be required in future as part of any revisions to the recovery plan, the CSP implemented a finance strategy in 2020 which mandates that the annual operating budget targets an operating surplus of a minimum level of £1m a year, after including the repayment plan and a contingency budget. In line with the investment strategy these surpluses are transferred to the investment portfolio with the aim of continuing to grow the CSP's assets to offset the liability, but the investment strategy also mandates the holding of a significant cash contingency outside of the investments themselves. The combination of these factors means that in the short term the CSP is maintaining a significant cash buffer to manage any uncertainty. In line with the investment strategy, at the end of each quarter, where an excess of £1m cash is held in CSP's bank accounts, the excess is transferred to investments, with the overall objective of long term growth of the CSP's asset base to address the risk of the pension liability. In 2021, £11.4m was transferred and £2m has been transferred in 2022 to date. The finance strategy will be reviewed in 2023, in line with the corporate strategy. Despite the 2021 recovery plan payment the CSP had a strong cash and investment holdings position of £20.9m at the end of 2021, reflecting the strong working capital position of the society. During 2022, with no significant change to the CSP's income, cash continued to increase with a balance of £1.7m by the end of April. Although the cash position itself will be kept at a lower level than in previous years in line with the Finance Strategy, it is still expected that overall during 2022 a positive cash return will be generated in line with the CSP's operating model.

With 92% of CSP income coming by monthly subscription fees, the CSP has a stable income stream and generates significant cash from its operating activity (£3.5m generated in 2021; £4.6m in 2020). The decrease in cash generated from operating activities year on year was due to an increase in creditors at the end of 2020, which were subsequently paid off in 2021. There has been no increase in the lapsing of membership since the onset of the crisis and the year-to-date figures as of April 2022 are in line with the income model. The CSP Leadership Team has conducted a review into the impact of the pandemic on the CSP's risks and strategic plans for Council. The impact of inflation on the CSP has been assessed by the Leadership Team for Council through the 2022 budgeting process. This included a review on the running costs of the organisation as well as potential impacts on income. A detailed budget for 2022 based on the 2021 management accounts and reforecasting conducted with managers across the business indicates an expected operating surplus for 2022 of £1.2m, and is in line with CSP Finance Strategy which specifies that a minimum operating surplus of £1m be generated annually. 2022 income will increase by 7% on the prior year's budget due in part to a forecasted increase in membership numbers, as well as a 4.9% increase in subscription prices for 2022.

Expenditure in 2022 is expected to be an 8% increase on the 2021 operating budget. As a result of the pandemic, standard activities in 2021 had been cancelled or postponed due to the social distancing restrictions in place, with savings realised in travel, events and associated expenditure. In 2022, the majority of restrictions have been lifted and therefore standard activities have been planned for in the year, with expenditure consequently forecasted to increase. Potential inflationary increases have been captured in the 2022 operating budget through individual budgeted income and expenditure lines, as well as an overall contingency to capture any further inflationary increases during the year. These situations will be monitored regularly and any change in circumstances used to update the quarterly reforecasts. Pay expenditure has been forecasted to increase by 3% to account for the increased employer NI contributions, as well as the staff annual uplift in pay of 3% in April, tied to the August 2021 CPIH inflation figure. Expenditure also reflects plans to continue to increase Equality, Diversity and Belonging (EDB) work across the organisation, as well as costs associated in upgrading various systems across departments. Additionally, CSP's principal asset, Bedford Row, its freehold property, was put on the market in

The Chartered Society of Physiotherapy

ANNUAL REPORT & STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES (CONTINUED)

October 2021. Until the building is sold, costs of maintain the building will be incurred. Without a known sale date, a full year of maintenance expenditure is predicted. Expenditure is also planned to deliver a similar level of membership support to 2021, as well as increased levels of campaigns to support the Physiotherapy network across the UK. The budget had also incorporated revised plans and budgets for Physiotherapy UK (PTUK), which has been held as successful virtual events in 2020 and 2021. Insight work undertaken at the end of 2021 indicated that an in person event would be the desired format for 2022. In 2022, the Leadership Team took the decision to cancel the PTUK event for 2022 in order to limit any financial and reputation risk from the possibility of cancelling the event due to another potential Covid variant and any other possible subsequent restrictions. This has resulted in a significant reduction in expenditure for the year

PREPARATION OF ACCOUNTS ON A GOING CONCERN BASIS (continued)

Since the operating budget was approved by Council, a review of PTUK took place, and it was concluded that a physical event was the desired format of the event for 2022. Upon reviewing the risks involved around holding a large scale physical event, the decision to cancel the conference in 2022 was taken by the Leadership Team. The cancellation of this event, and any other changes to the operating budget will be captured and updated in the quarterly reforecasts.

As noted above, CSP receives 92% of its income through monthly subscriptions which are received on an ongoing basis throughout the year. Included within this income are also annual subscriptions which represent around 10% of total income, and are paid in advance by February each year. This pattern of receipts means that CSP is usually able to forecast and confirm a positive cash position by March each year, even before taking into account existing cash reserves. Taking into account the impact of COVID-19 on membership, as well as the financial details noted above, the CSP therefore continues to forecast that it will generate a positive net cash contribution in 2022.

Over 70% of the CSP membership are employed by the NHS and the wider public sector. There is a section of the CSP membership that work as sole practitioners or for smaller organisations. For these members their scope of practice and resulting income may have been disrupted. The CSP has been supporting these members to move into the NHS or refer them to relief available through the government or CSP Members Benevolent Fund as appropriate. The latter provides hardship support including covering CSP membership fees. Sensitivity analysis shows that if the CSP's membership subscription income were to fall by up to 20% overall, and all other sources of income by 100%, then CSP could sustain the reduced income from the current cash generated each year and held at bank and the short term cash held on deposits in its investments portfolio, for over a year before needing to draw on its investments. In light of the historic growth in membership numbers as noted previously, this is considered a highly unlikely scenario. A CSP workforce analysis demonstrates increasing demand for the profession post-COVID-19 as physiotherapists are critical to the rehabilitation of patients with co-morbidities who are more inclined to be susceptible to the disease. This does not also take into account associated cost savings and any other strategic realignments or review of work streams that would take place should income significantly fall. From the remaining income, the 2022 budget is showing an increase in advertising and sponsorship income from the prior year budget. Grant income has decreased but is linked to expenditure so would result in an equivalent saving were it to fall.

The COVID-19 crisis has been a fundamental test to the CSP and its ability to work effectively to support members in a remote-only and hybrid context. The headlines are one of increased financial uncertainty on the one hand, but confidence in CSP's operational resilience on the other. The risks around inflation are regularly monitored, and the CSP is well positioned to navigate any potential challenges. CSP has continued to function in core areas of its work despite the restrictions placed upon us. Financial forecasting, understanding of the risks to CSP and the physiotherapy profession, the continued need for its services, and the ability to react positively at pace to the changes in the social, economic and political environment mean that CSP continues to remain a going concern. The members consider that CSP to have adequate resources to continue in operational existence for the foreseeable future and have not identified any material uncertainties related to going concern. Therefore, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Sensitivity analysis shows that if the CSP's membership subscription income were to fall by up to 20% overall, and all other sources of income by 100%, then the organisation could sustain the reduced income from our current cash generated each year and held at bank for over a year before needing to draw on our investments. In light of the historic growth in membership numbers as noted previously, we consider this a highly unlikely scenario. This

The Chartered Society of Physiotherapy

ANNUAL REPORT & STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES (CONTINUED)

does not also take into account associated cost savings and any other strategic realignments or review of work streams that would take place should income significantly fall.

COVID-19

The COVID-19 pandemic has had a significant impact on the CSP's members. The physiotherapy profession is a key component of the healthcare workforce and CSP's members have been called upon to provide frontline care in hospitals in addition to supporting the rehabilitation of patients back into the community. Physiotherapy is a diverse profession with various specialisms working in the NHS, private practice and the charity sector. The healthcare crisis has affected members in various ways, from changes to their scope of practice to how they deliver their care.

In response to the government restrictions the CSP had mobilised all office-based staff to work remotely. The CSP has three country offices and also employs 32 homeworkers, and over 140 staff are set up to work from home. Following the removal of all restrictions, office spaces are now open and CSP staff are now working in a hybrid manner. The CSP continues to function effectively in all areas to support its membership and continue to deliver to its corporate strategy.

The CSP claimed through the Coronavirus Job Retention Scheme to cover wages for employees on temporary leave due to COVID-19.

OTHER EVENTS IN 2022

The fair value of the assets and liabilities held by the CSP is increasingly uncertain, due to the economic impact of the situation in Ukraine. As at 31st March, the investments held by CSP have seen a decrease in value of 5% since the balance sheet date, although the market value continues to fluctuate.

The value of the CSP's principal asset, its freehold property, fell by 11% from £10.5m in December 2020 to £9.4m in December 2021. The decision was taken by Council to dispose of the building, in order to achieve the best return on the asset. The building has been on the market since October 2021 and has received multiple offers to date. The offers received have not been within the parameters of an acceptable range that has been agreed by Council. The parameters will be reviewed later in 2022, if no offers within the acceptable range are received.

These post-year end movements have been reflected within this set of financial statements and no impairment of intangible assets or rise in bad debt provision have been noted.

CSP continues to present its accounts on a Going Concern basis as detailed in the previous section on Going Concern.

REPORT OF COUNCIL MEMBERS

Details of the activities undertaken during the year are set out in the Society's 2021 Annual Impact Report.

The Council are responsible for preparing the Report and the financial statements in accordance with applicable law and regulations.

The Council have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under applicable law the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Society and of the surplus or deficit of the Society for that period.

In preparing those financial statements, the Council are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

The Chartered Society of Physiotherapy

ANNUAL REPORT & STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES (CONTINUED)

REPORT OF COUNCIL MEMBERS (continued)

- state whether applicable UK 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 will continue in business.

The Council are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Society's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Society's website is the responsibility of the Council. The Council's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Due to the continued impact of Covid-19 on the wider economic environment as well as the business and operations of the CSP and its members, this report includes disclosures to support the continued presentation of the financial statements on a Going Concern basis.

Along with the transition of the UK leaving the EU, which came into full effect in 2021, and the situation in Ukraine, CSP is monitoring the financial impact of inflationary increases and impacts on the cost of supplies. Although investments have seen a decrease in value 5% as at 31st March 2022, there is no significant impact to the CSP's operating model at the current time.

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

The Annual Report and Statement of Council Members' Responsibilities have been approved by the council.



Alex MacKenzie (Chair of Council)



Karen Middleton (Chief Executive Officer)

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The Chartered Society of Physiotherapy

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHARTERED SOCIETY OF PHYSIOTHERAPY (continued)

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 December 2021 and of the 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 Trade Union and Labour Relations (Consolidation) Act 1992.

We have audited the financial statements of The Chartered Society of Physiotherapy (the 'Society') for the year ended 31 December 2021 which comprise the Income and Expenditure Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Society in accordance with the ethical requirements 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.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Council Members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Council Members with respect to going concern are described in the relevant sections of this report.

Other information

The Council Members are responsible for the other information. The other information comprises the Introduction to the Financial Statements, 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. 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 themselves. 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.

The Chartered Society of Physiotherapy

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHARTERED SOCIETY OF PHYSIOTHERAPY (continued)

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion;

- proper accounting records have not been kept in accordance with the requirements; or
- the Society has not maintained a satisfactory system of controls over its transactions in accordance with the requirements; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Council Members

As explained more fully in the Statement of Council Members' Responsibilities, the Council Members 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 Council Members 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 Council Members are responsible for assessing the 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 Council Members either intend to liquidate the 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks through our accumulated knowledge and consideration of sector information that is applicable to the Society. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the financial reporting framework including but not limited to United Kingdom Generally Accepted Accounting Practice and the Trade Union and Labour Relations (Consolidation) Act 1992, The Health and Safety at Work Act 1974, Data Protection Act 2018, Bribery Act 2010 and tax legislation
- We understood how the Society is complying with those legal and regulatory frameworks by making enquiries with management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of minutes.
- We assessed the susceptibility of the Society's financial statements to material misstatements, including how fraud might occur by discussing with management where it considered there was a susceptibility of fraud relating to management override of controls and improper income recognition. In addressing the risk of fraud including

The Chartered Society of Physiotherapy

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHARTERED SOCIETY OF PHYSIOTHERAPY (continued)

management override of controls, and improper income recognition we tested the appropriateness of journal entries and other adjustments; reviewed application of assessing whether the judgements made in making accounting estimates are indicative of a potential bias; tested the application of cut-off and revenue recognition; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

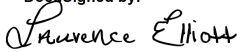
- We also communicated relevant identified laws and regulations, potential fraud risks and how and where this might occur to all engagement team members and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://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 members, as a body, in accordance with the provisions of the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Laurence Elliot (Senior Statutory Auditor)
BDO LLP, statutory auditor
London, UK

Date 18 October 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Chartered Society of Physiotherapy

INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Income:			
Income from services and products	2	20,455	19,664
Investment income	7	(605)	148
Other Operating Income:			
Income from furlough	2	90	63
Operating costs:			
Operating expenses	3	(17,553)	(17,158)
Pension finance charge	3	(482)	(538)
Payments to associated charities	8	-	-
Operating surplus before taxation	4	<u>1,905</u>	<u>2,179</u>
Taxation	9	-	-
Surplus after taxation: transferred to general fund		<u>1,905</u>	<u>2,179</u>
Statement of comprehensive income			
	Note	2021 £'000	2020 £'000
Surplus for the financial year		<u>1,905</u>	<u>2,179</u>
(Loss) on revaluation of properties	16	(1,014)	(1,690)
Gain on revaluation of investments	17	2,009	285
Actuarial gain/ (loss) on defined benefit pension scheme	18	7,287	(12,107)
Deferred tax movement	9	-	-
Total comprehensive gain/ (loss) for the year		<u>10,187</u>	<u>(11,333)</u>

The Chartered Society of Physiotherapy

BALANCE SHEET

For the year ended 31 December 2021

		2021		2020	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10		145		261
Tangible assets	11		9,628		10,708
Investments	12		19,479		6,824
			<u>29,252</u>		<u>17,793</u>
Current assets					
Debtors and prepayments	13	2,701		2,415	
Cash at bank and in hand		<u>1,332</u>		<u>10,253</u>	
		4,033		12,668	
Creditors: amounts falling due within one year	14	<u>(3,482)</u>		<u>(3,501)</u>	
Net current assets			551		9,167
Total assets less current liabilities			<u>29,803</u>		<u>26,960</u>
Defined benefit pension scheme liability	21		(29,832)		(37,176)
Net (deficit)/ assets including pension liability			<u>(29)</u>		<u>(10,216)</u>
Represented by:					
General fund					
At 1 January			14,830		15,043
Surplus for the year			1,905		2,179
Transfers from property revaluation fund	16		(25)		(77)
Transfers from pension reserve fund	18		974		923
Transfers to future pension volatility mitigation fund	19		(2,937)		(3,209)
Transfers from other funds	20		<u>163</u>		<u>(29)</u>
At 31 December			14,910		14,830
Property revaluation fund	16		6,747		7,736
Investment revaluation fund	17		2,775		766
Pension reserve fund	18		(29,832)		(37,177)
Future pension volatility mitigation fund	19		5,255		3,350
Other funds	20		<u>116</u>		<u>279</u>
			<u>(29)</u>		<u>(10,216)</u>

The financial statements on pages 8 to 27 were approved by the Council and authorised for issue on 18th October 2022 and are signed on its behalf by:

Alex MacKenzie (Chair of Council)

Karen Middleton (Chief Executive Officer)

The Chartered Society of Physiotherapy

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	2021		2020	
		£'000	£'000	£'000	£'000
Cash flows from operating activities					
Operating surplus		1,905		2,179	
(Gain) / Loss on revaluation of investment		-		-	
Investment income received	7	(100)		(148)	
Depreciation charges and amortisation	10,11	331		579	
(Increase)/ decrease in debtors	13	(286)		(551)	
Increase/ (decrease) in creditors	14	(19)		1,595	
Defined benefit pension items - not involving the movement of cash	21	974		923	
Payments to associated charities		-		-	
Net cash generated from operating activities			2,806		4,577
Cash flows from investing activities					
Interest received	7	-		14	
Dividends received	7	100		134	
Purchase of intangible fixed assets	10	(16)		(20)	
Purchase of tangible fixed assets	11	(132)		(186)	
Sales of investment		7,609			
Purchase of investments	12	(18,255)		-	
Net cash from investing activities			(10,694)		(58)
Cash flows from pension repayment plan		(1,032)		(1,030)	
			(1,032)		(1,030)
Net increase in cash and cash equivalents			(8,921)		3,489
Cash and cash equivalents at 1 January			10,253		6,764
Cash and cash equivalents at 31 December			1,332		10,253

Net Funds Reconciliation

	1 January 2021 £'000	Cash Flows £'000	New finance leases £'000	Other non- cash charges £'000	31 December 2021 £'000
Cash at bank and in hand	10,253	(8,921)	-	-	1,332
Net Funds	10,253	(8,921)	-	-	1,332

The Chartered Society of Physiotherapy

NOTES TO THE ACCOUNTS

For the year ended 31 December 2021

1 ACCOUNTING POLICIES

- a) These financial statements are prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). CSP is incorporated in the UK and GBP is the operational currency.
- b) The financial statements have been prepared under the historical cost accounting rules modified to include the revaluation of freehold properties and investments, and in accordance with applicable accounting standards. The Council confirm that, at the time of approving the financial statements, there is a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future, and as a result the going concern basis of preparation has been applied. In arriving at this conclusion the Council has taken account of current and anticipated trading performance in the current economic conditions, its Corporate Plan and its reserves position, as follows.

CSP generates significant cash from its operating activity on an annual basis (£4.6 net increase in 2021) in addition to cash reserves brought forward from previous years. CSP also has a strong investment holding, valued at £19.5m at 31st December 2021. Although investments have seen a decrease in value 5% as at 31st March 2022, there is no significant impact to the CSP's operating model at the current time. CSP generates over 90% of its income from membership subscriptions. This contributes significantly to the annual increase in operating cash position. 10% of membership subscriptions are annual and paid in advance during January, with the remainder monthly and largely consistent across the year.

Membership numbers have been growing by a steady 2% a year for the past 6 years, from 53,019 on 31st March 2015 to 63,107 as at 31st December 2021. In spite of COVID-19 this trend is projected to continue as the services of the physiotherapy workforce remain in high demand and with greater numbers studying physiotherapy and more universities offering the course than ever before. There has been no increase in the lapsing of membership since the onset of the crisis and our year-to-date figures as of April 2021 are in line with our income model.

The CSP pension scheme liability presents a significant long term risk and is being actively managed by the CSP. In 2021 the CSP contributed £1.0m as the third instalment of a ten year deficit recovery plan and it continues to be able to meet this commitment. The recovery plan is currently under review as the triennial actuarial valuation as at 30th April 2021 is still in draft. CSP, as the employer, is in negotiations with the Trustees, with the triennial valuation due to be filed by 30th June 2022, and an updated recovery plan to be included.

Given the points noted above, the CSP continues to forecast that for 2022 it will generate a positive operating surplus (before any gains or losses in relation to the valuation of investments, property, the pension liability or deferred tax assets) and that this will also correlate to an increased cash reserves position at year end. As noted above CSP receives 92% of its income through monthly subscriptions which are received on an ongoing basis throughout the year. Included within this income are also annual subscriptions which represent around 10% of total income, and are paid in advance by February each year. This pattern of receipts means that CSP is usually able to forecast and confirm a positive cash position by March each year, even before taking into account existing cash reserves. Taking into account the impact of Covid-19 on membership, as well as the impacts of inflation noted above, the CSP continues to forecast that it will generate a positive net cash contribution in 2022.

The Chartered Society of Physiotherapy

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2021

1 ACCOUNTING POLICIES (CONTINUED)

While some elements of the physiotherapy profession have been significantly negatively disrupted by COVID (particularly in private practice), A CSP workforce analysis demonstrates increasing demand for the profession post-COVID as physiotherapists are critical to the rehabilitation of patients with co-morbidities who are more inclined to be susceptible to the disease. Sensitivity analysis shows that if the CSP's membership subscription income were to fall by up to 20% overall, and all other sources of income by 100%, then the organisation could sustain the reduced income from our current cash generated each year and held at bank for over a year before needing to draw on our investments. In light of the historic growth in membership numbers as noted previously, we consider this a highly unlikely scenario. This does not also take into account associated cost savings and any other strategic realignments or review of work streams that would take place should income significantly fall.

Whilst uncertainties exist in the future, the Council are of the opinion that a material uncertainty does not exist and for this reason, the going concern basis continues to be adopted in the preparation of the Society's financial statements.

- c) Members' subscriptions (except student memberships, see d) below) are recognised in line with the period of the membership. No adjustment is made in respect of associated arrears. Subscriptions received in advance are accounted for in the year to which they relate.
- d) Included as part of income for educational purposes (note 2) are student membership fees. These fees are payable at the beginning of the course. Since the courses vary in length from 1 to 4 years, the fees are deferred and released as income over the duration of the courses.
- e) Income from events is recognised in the period in which the event takes place.
- f) Income from journals is recognised monthly on an accruals basis according to the period in which the income is earned. Income is received annually.
- g) Government grants of a revenue nature are credited to income in the period to which they relate, unless performance conditions require recognition to be deferred.
- h) Income from listed investments is accounted for on a cash receivable basis and other investment income on an accruals basis.
- i) Freehold property, including land, is stated at market value. All other intangible and tangible fixed assets are stated at cost less accumulated depreciation/amortisation. Freehold land is not depreciated. Depreciation/amortisation is provided on all intangible and tangible fixed assets, other than freehold land, at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Freehold buildings	over 50 years
Improvements to freehold property	over 10 years
Computer hardware	over 3 years
Other equipment	between 5 and 12 years
Intangible assets	between 3 and 6 years

- j) All leases are "operating leases" and the annual rentals are charged to the income and expenditure account on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term.

CSP was not in receipt of any rent-free period of rent discounts explicitly as a result of COVID-19.

The Chartered Society of Physiotherapy

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2021

1 ACCOUNTING POLICIES (CONTINUED)

- k) Long-term investments are described as Unit Trusts and are classified as fixed assets.

Unit Trusts are stated at market value in the Society's balance sheet. Other investments listed on a recognised stock exchange are stated at market value at the balance sheet date.

- l) The Society is subject to UK corporation tax on investment income and gains, and surpluses arising from transactions with non-members. Full provision is made for all such taxation in the year. Deferred tax is calculated on the liability method to take account of differences between the incidence of income and expenditure for accounting and taxation purposes. Any material resulting liability is recognised in full.

Deferred tax assets are only recognised to the extent that the assets are expected to be realised in the foreseeable future. Deferred tax is measured on a non-discounted basis.

- m) *Pension costs: defined benefit scheme*

The defined benefit pension scheme obligation is valued using the "project unit credit method". The regular costs of providing pension benefits is charged to income and expenditure over the service life of employees on the basis of a constant percentage of earnings. Variations from regular cost arising from periodic actuarial valuations are allocated to operating surplus over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future earnings.

- n) *Future pension volatility fund*

The pension volatility fund was established to show a clearly identifiable reserve that accounts for the Pension repayment plan. This reserve will include the recovery plan payments, and in addition any surplus generated by the CSP from 2018 until further notice.

The CSP recognises that the assumptions taken by the Scheme Trustees and actuaries will mean the recovery plan will need to be reviewed following the next triennial valuation as at 31st March 2021. This creates a risk and volatility to CSP reserves that needs to be actively managed.

The future pension volatility mitigation fund identifies the combination of recovery plan payments and operating surpluses that the CSP Council have allocated to reducing the defined benefit pension liability.

- o) *Other funds*

Other funds comprise a legal fund and a board and branch reserves fund. The legal fund was established to meet the costs of defending members in particularly large or complex legal cases relating to employment. The board and branch reserves fund represents the net assets held by the Society's regional boards and local branches.

- p) *Financial instruments*

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities.

Financial assets which are recoverable within one year are initially measured at the transaction price. Financial assets are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Financial liabilities payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

The Chartered Society of Physiotherapy

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2021

1 ACCOUNTING POLICIES (CONTINUED)

q) *Critical accounting estimates and assumptions*

The Society makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are those used by the valuers in determining the value of CSP's property (note 17) and those used by the scheme actuary in calculating the Society's defined benefit liability (note 22).

2 Income for services and products

	2021 £'000	2020 £'000
Subscriptions	18,880	18,019
Income from journals	502	393
Income for educational purposes	159	205
Income from events	87	183
Miscellaneous	827	864
	<u>20,455</u>	<u>19,664</u>

3 Operating expenses.

Included within the Journals activity is provision of a VAT tax liability of £700k in 2020, and the partial unwind of the liability of £352k in 2021 to recognise the over provision in 2020.

	2021 £'000	2020 £'000
Operating expenses	17,553	17,158
Result on revaluation of investments	-	-
Pension finance charge	482	538
	<u>18,035</u>	<u>17,696</u>

	2021 £'000	2020 £'000
Area of activity:		
Practice and Development	4,750	4,132
Employment Relations and Union Services	2,640	2,305
Journals	910	2,492
Strategy, Policy and Engagement	3,270	3,017
Events	241	209
Administration and Finance	6,224	5,541
	<u>18,035</u>	<u>17,696</u>

The Chartered Society of Physiotherapy

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2021

4 Operating surplus

	2021	2020
	£'000	£'000

The operating surplus is stated after charging:

Auditor's services

- statutory audit of the organisation	26	25
- additional services due to COVID-19 work	0	10
- membership audit	4	4
- taxation compliance services	8	4
Depreciation and amortisation - owned assets	332	579

5 Staff costs

	2021	2020
	£'000	£'000
Average full time equivalents employed	143	134

	2021	2020
	£'000	£'000
Staff costs for the above persons:		
Wages and salaries	7,491	6,742
Social security costs	822	735
Other pension costs and current service cost	901	922
Defined contribution pensions cost	1,065	983
Temporary staff costs	592	358
	<u>10,871</u>	<u>9,740</u>

The Chartered Society of Physiotherapy

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2021

6 Senior officers

The Senior Officers (Leadership Team) of the Society are considered to be the key Management Personnel.

Staff costs disclosed in note 5 include the following payments in respect of Senior Officers' emoluments:

	2021 £'000	2020 £'000
Emoluments	459	447
Employer's pension contributions	75	74
	<u>533</u>	<u>521</u>
Highest paid employee	2021 £'000	2020 £'000
Remuneration	132	130
Employer's pension contributions	22	22
	<u>154</u>	<u>152</u>
Accrued pension at year-end (defined benefit schemes)	-	-
Accrued lump sum at year-end (defined benefit schemes)	-	-

7 Investment income

	2021 £'000	2020 £'000
Interest receivable	4	14
Dividends receivable	96	134
Loss on sale of investments	(705)	-
	<u>(605)</u>	<u>148</u>

8 Payments to associated charities

The Society has not made any payments to the two associated charities during the year.

The Chartered Society of Physiotherapy

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2021

9 Taxation

	2021 £'000	2020 £'000
(a) Tax charge for the year based on the result for the year	-	-
(b) Factors affecting the tax charge for the year		
Surplus before tax	1,905	2,179
At tax rate of 19% (2021: 19%)	362	414
Non-taxable income	(468)	(697)
Tax losses offset against deferred tax	(211)	(321)
Qualifying charitable donations	0	0
Other differences	317	604
	-	-
(c) Factors affecting future tax charges		
	2021 £'000	2020 £'000
Deferred tax		
Origination and reversal of timing differences in year (note 16)	0	0
	-	-

10 Intangible fixed assets

	Computer software £'000
Cost or valuation	
At 1 January 2021	3,316
Additions	16
At 31 December 2021	3,332
Amortisation	
At 1 January 2021	3,055
Charge for the year	132
At 31 December 2021	3,187
Net book value	
At 31 December 2021	145
At 31 December 2020	261

The Chartered Society of Physiotherapy

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2021

11 Tangible fixed assets

	Freehold land and property £'000	Computer hardware £'000	Other equipment £'000	Total £'000
Cost or valuation				
At 1 January 2021	10,500	1,863	279	12,642
Additions	67	40	26	132
Revaluation	(1,112)	-	-	(1,112)
At 31 December 2021	9,455	1,903	305	11,662
Depreciation				
At 1 January 2021	-	1,661	273	1,934
Charge for the year	98	95	6	199
Revaluation	(98)	-	-	(98)
At 31 December 2021	-	1,756	279	2,035
Net book value				
At 31 December 2021	9,455	147	26	9,628
At 31 December 2020	10,500	202	6	10,708

Freehold property includes land, buildings and improvements to freehold property. Included in freehold property brought forward at 1 January 2021 is land with cost of approximately £552,000 which has not been depreciated. The historical cost of buildings is £2,782,000.

The freehold office premises were valued at a market value of £9,390,000 by Farebrother as at 31 December 2021. The valuation was performed in accordance with the RICS Valuation - Global Standards 2020 incorporating the IVSC International Valuation Standards, and in line with the 'Red Book'. The valuation assumes that the property is free from any structural faults and other adverse defects not identified in the site inspection. No special assumptions were made in the preparation of the report.

Depreciation of tangible fixed assets is included as part of operating expenses in the income and expenditure account.

12 Investments

	2021 £'000	2020 £'000
At valuation		
Listed: Unit Trusts	19,479	6,824
Unit Trusts: at valuation		
At 1 January	6,824	6,539
Acquisitions at cost	18,255	-
Disposal proceeds	(7,609)	-
Gain on investment	2,009	285
At 31 December	19,479	6,824
Historic cost of investments	17,408	6,057

The Chartered Society of Physiotherapy

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2021

13 Debtors

	2021	2020
	£'000	£'000
Trade debtors	300	333
Other tax and social security - debtor	31	8
Other debtors	90	110
Prepayments and accrued income	2,280	1,964
	<u>2,701</u>	<u>2,415</u>

14 Creditors

	2021	2020
	£'000	£'000
Trade creditors	1,310	1,336
Other tax and social security - creditor	426	571
Accruals and deferred income	1,618	1,452
Membership subscriptions in advance	60	118
Other creditors	68	24
	<u>3,482</u>	<u>3,501</u>

15 Financial Instruments

	2021	2020
	£'000	£'000
Financial assets		
Financial assets measured at amortised cost	2,889	11,489
Total	<u>2,889</u>	<u>11,489</u>
Financial liabilities		
Financial liabilities measured at amortised cost	1,924	2,287
Total	<u>1,924</u>	<u>2,287</u>

16 Property revaluation fund

	2021	2020
	£'000	£'000
At 1 January	7,736	9,349
(Loss) during year	(1,014)	(1,690)
Transfers to general fund	25	77
Deferred tax asset	0	0
At 31 December	<u>6,747</u>	<u>7,736</u>

The Chartered Society of Physiotherapy

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2021

17 Investment revaluation fund

	2021 £'000	2020 £'000
At 1 January	766	481
Gain during the year	<u>2,009</u>	<u>285</u>
At 31 December	<u><u>2,775</u></u>	<u><u>766</u></u>

18 Pension reserve fund

	2021 £'000	2020 £'000
At 1 January	(37,177)	(25,177)
Actuarial gain/ (loss)	7,287	(12,107)
Transfers to general fund	(974)	(923)
Pension repayment plan	<u>1,032</u>	<u>1,030</u>
At 31 December	<u><u>(29,832)</u></u>	<u><u>(37,177)</u></u>

19 Future Pension Volatility Mitigation Fund

The triennial valuation of the CSP staff pension scheme performed by the Scheme's actuaries, Barnett Waddingham, estimated a £14.3m deficit as at 31st March 2018.

In June 2019 the CSP filed a recovery plan with the Pension Regulator committing to pay down the actuarial deficit over a 10 year period, in line with the statutory obligations and guidance provided by The Pension Regulator.

In December 2019 the CSP Council agreed that a clearly identifiable reserve should be created in the accounts for the Pension repayment plan. This reserve will include the recovery plan payments, and in addition any surplus generated by the CSP from 2018 until further notice.

	2021 £'000	2020 £'000
At 1 January	3,350	1,171.00
Transfers from general fund	3,642	3,209
Pension repayment plan	<u>(1,032)</u>	<u>(1,030)</u>
At 31 December	<u><u>5,960</u></u>	<u><u>3,350</u></u>

The transfers from general fund represent the operating surplus from 2019 and 2020 in line with the CSP Council agreement.

The CSP recognises that the assumptions taken by the Scheme Trustees and actuaries will mean the recovery plan will need to be reviewed following the next triennial valuation as at 31st March 2021. This creates a risk and volatility to CSP reserves that needs to be actively managed.

The Chartered Society of Physiotherapy

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2021

The future pension volatility mitigation fund identifies the combination of recovery plan payments and operating surpluses that the CSP Council have allocated to reducing the defined benefit pension liability.

20 Other Funds

	2021 £'000	2,020 £'000
<i>Legal fund</i>		
At 1 January and 31 December	116	116
<i>Board and branch reserves fund</i>		
At 1 January	163	134
Transfer (to)/ from general fund	(163)	29
At 31 December	0	163
Total other funds	116	279

The transfer from the board and branch reserves fund to the general fund represents the net income/expenditure of the boards and branches, which has been charged to the income and expenditure account.

21 Defined benefit pension scheme

The Chartered Society of Physiotherapy (the Employer) operates a defined benefit pension arrangement called the Chartered Society of Physiotherapy Staff Pension Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The following disclosures exclude any allowance for defined contribution schemes operated by the Employer.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Employer must agree with the Trustees of the Scheme the contributions to be paid to meet any shortfall against the Statutory Funding Objective and contributions to pay for future accrual of benefits.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 March 2018 and the first draft of next valuation of the Scheme at 31 March 2021 has been provided to CSP from the scheme's actuaries. CSP as an employer has commissioned a review of the basis of the assumptions given areas of technical challenges and areas where the assumptions may be excessively prudent. This will support the CSP to establish an updated recovery plan once the valuation has been finalised. In the event that the valuation reveals a larger deficit than expected the Employer may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it is possible that contributions may be reduced.

The Scheme is managed by a board of Trustees appointed in part by the Employer and part from elections by members of the Scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustees delegate some of these functions to their professional advisers where appropriate.

Payments to the scheme in 2021 were £1.579m and anticipated payments to the scheme for 2022 is £1.667m.

There were no Scheme amendments, curtailments or settlements during the period.

The Chartered Society of Physiotherapy

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2021

21 Defined benefit pension scheme (Continued)

Principal actuarial assumptions	At 31 December 2021	At 31 December 2020
Discount rate	1.85%	1.30%
Inflation (RPI)	3.20%	3.00%
Inflation (CPI)	2.80%	2.40%
Salary increases	In line with CPI	1.75% p.a. for first year then in line with CPI thereafter
Pension increase (RPI max 5%)	2.95%	2.75%
Post-retirement mortality	S3PA tables with CMI 2017 projections using a long-term improvement rate of 1.00% p.a.	S3PA tables with CMI 2017 projections using a long-term improvement rate of 1.00% p.a.
Commutation	All members are assumed to take the maximum tax free cash possible	All members are assumed to take the maximum tax free cash possible

The current asset split is as follows:	At 31 December 2021	At 31 December 2020
BlackRock Equities	40.5%	20.8%
Invesco Global Targeted Returns	0.0%	36.9%
Columbia Threadneedle Dynamic Real Return Fund	57.2%	40.6%
Cash	2.3%	1.7%
RNPFN Annuities	0.0%	0.0%
Total	100.0%	100.0%
Total assets (£000)	39,137	36,326

	At 31 December 2021 £000	At 31 December 2020 £000
Balance sheet		
Fair value of assets	39,064	36,326
Present value of funded obligations	(68,896)	(73,502)
Deficit in scheme	(29,832)	(37,176)
Effect of asset ceiling	-	-
Net defined benefit liability	(29,832)	(37,176)

Amount recognised in the income and expenditure account	Period to 31 December 2021 £000	Period to 31 December 2020 £000
Current service cost	(752)	(771)
Administration costs	(222)	(276)
Interest on liabilities	(950)	(1,311)
Interest on assets	476	773
Past service costs	-	-
Settlement and curtailment cost	-	-
Total charge to the income and expenditure account	(1,448)	(1,585)

The Chartered Society of Physiotherapy

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2021

21 Defined benefit pension scheme (continued)

Remeasurements over the year	Period to 31 December 2021	Period to 31 December 2020
	£000	£000
Gain/ (Loss) on assets in excess of interest	1,778	97
Experience gains / (losses) on liabilities	(753)	-
Gains from changes to demographic assumptions	1,467	-
(Losses) / Gains from changes to financial assumptions	4,794	(12,204)
Total remeasurements	7,286	(12,107)

Change in value of assets	Period to 31 December 2021	Period to 31 December 2020
	£000	£000
Fair value of assets at 1 January	36,326	34,824
Interest income	476	773
Contributions by employer	1,579	1,693
Contributions by Scheme participants	130	195
Benefits paid	(930)	(980)
Administration costs	(222)	(276)
Changes due to settlement and curtailment cost	-	-
Return on assets less interest	1,778	97
Fair value of assets at 31 December	39,137	36,326
Actual return on assets	2,254	870

Change in value of defined benefit liabilities	Period to 31 December 2021	Period to 31 December 2020
	£000	£000
Value of liabilities at 1 January	(73,502)	(60,001)
Current service cost	(752)	(771)
Contributions by Scheme participants	(130)	(195)
Past service costs	-	-
Interest cost	(950)	(1,311)
Benefits paid	930	980
Change due to settlement or curtailment cost	-	-
Experience loss/(gain) on liabilities	(753)	-
Changes to demographic assumptions	1,467	-
Changes to financial assumptions	4,794	(12,204)
Value of liabilities at 31 December	(68,896)	(73,502)

Sensitivity of the value placed on the liabilities

	Approximate effect on liability
	£000
Discount rate +0.50%	(6,357)
Discount rate -0.50%	7,348
Inflation +0.50%	6,103
Inflation -0.50%	(5,476)
Salary increases equal to the CPI inflation assumption	461
95% of S2NA tables with CMI 2017 projection and 1.5% p.a. long term rate	1,130
Members take 90% of the maximum possible tax-free cash	585

The Chartered Society of Physiotherapy

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2021

22 Operating Lease

Operating Lease Commitments

	2021	2020
	£'000	£'000
Less than 1 Year	127	-
1 year to less than 5 Years	926	-
More than 5 Years	434	-
	<u>1,487</u>	<u>-</u>

23 Status

The Society is incorporated under Royal Charter and is a trade union on the special register under the Trade Union and Labour Relations (Consolidation) Act 1992.

24 Boards and branches

There are 13 boards/regional networks and 12 branches of the Chartered Society of Physiotherapy operated by the Society's members across the regions of the United Kingdom and Crown Dependencies. The cash holdings of the boards and branches are wholly controlled by CSP and therefore incorporated in these accounts. As at 31 December 2021 the total cash held by boards and branches amounted to: £0 (nil) (2020: £29,604).

25 Payments to Society officials

As required by the Trade Union and Labour Relations (Consolidation) Act 1992 the Society has disclosed in its annual return to the Certification Office for Trade Unions and Employers' Associations the following allowances that were paid in 2021 to the Chair, Vice-Chair and Honorary Treasurer of the Society:

	2021	2020
Chair	-	-
Vice-Chair	-	-
Honorary Treasurer	-	-

These allowances were authorised by Council.

26 Related party transactions

The Society has two associated registered charities: The Chartered Society of Physiotherapy Charitable Trust and The Chartered Society of Physiotherapy Members' Benevolent Fund. Each has an independent board of trustees. CSP collaborates with both charities as the organisations all share similar missions and objectives. Collaboration is split between business as usual (included in any regular service fee) and occasional activities (may be charged separately as agreed by trustees). Activities include provision of finance, payroll, investment administration, facilities support, advice and support as required

The Chartered Society of Physiotherapy

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2021

27 Related party transactions (continued)

The Society provided financial and administrative services to the Charitable Trust at a cost of £19,121 (2020: £22,420). As at 31 December 2021 the Charitable Trust owed the Society £370,451 (2020: £517,313). As at 31 December 2021 the Society did not owe any funds to the Trust (2020: no funds owed).

The Society provided financial and administrative services with an estimated value of £14,869, at no cost, to the Members' Benevolent Fund (2020: £14,649). As at 31 December 2020 the amount owed to the Society was £2,063 (2020: £0 (nil)).

An amount of £7,803 (2020: £43,887) was included in the accounts, as administrative and finance expenditure, in respect of amounts paid to the employers of the Chair of Council and the Vice-Chair. These payments represent compensation for the time these officials spend with the Society.

The Chartered Society of Physiotherapy Staff Pension Scheme provides pension benefits for current and previous CSP staff members. Karen Middleton and Claire Sullivan are key management personnel of the CSP and also serve as Trustees of the Chartered Society of Physiotherapy Staff Pension Scheme.

28 Capital commitments

The Society had no capital commitments at 31st December 2021 (2020: £0).