

The Chartered Society of Physiotherapy

Report and Financial Statements

Year Ended

31 December 2022

The Chartered Society of Physiotherapy

Society Information

Registered number	RC000107
Registered office	The Chartered Society of Physiotherapy 10 Furnival Street London EC4A 1AB
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU
Bankers	Lloyds Bank City Office 4 th Floor 25 Gresham Street London EC2V 7HN

The Chartered Society of Physiotherapy

Report and financial statements for the year ended 31 December 2022

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The Chartered Society of Physiotherapy

Annual Report and Statement of Council Members' Responsibilities for the year ended 31 December 2022

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 Royal Charter and Byelaws 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.

Our vision:

Is to transform lives, maximise independence, and empower populations.

Our purpose:

Is to transform the health and wellbeing of individuals and communities by empowering our members and exerting our influence.

We are politically engaged but non-partisan.

The Chartered Society of physiotherapy 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 stakeholders;
- presenting evidence to the Pay Review Body;
- representing members in appropriate circumstances;
- 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.

Council membership 2022

Leanne Antoine

Katherine Ashmore (from 16th November 2022 – 2nd March 2023)

Ishmael Beckford (Chair from 16th November 2022)

James Benson (until 16th November 2022)

Jack Chew (from 16th November 2022)

Justine Croxton (until 2nd March 2023)

Alex MacKenzie (*Chair*) (until 16th November 2022)

Sarah Morton (until 16th November 2022)

Reshma Patel

Gemma Scott

Alex Spearritt (*Vice Chair* from 16th November 2022)

Marie-Claire Wadley (until 16th November 2022)

Gillian Rawlinson (from 16th November 2022)

Karen Robb (until 16th November 2022)

Srikesavan Sabapathy (from 16th November 2022)

Kelly Walker (from 16th November 2022)

Katie Wilkie (*Vice Chair*) (until 16th November 2022)

Sylvia Wojciechowski (from 16th November 2022)

The Chartered Society of Physiotherapy

Annual Report and Statement of Council Members' Responsibilities for the year ended 31 December 2022 (*continued*)

Preparation of accounts on a going concern basis

The CSP continues to prepare its accounts on a going concern basis. Physiotherapists play a crucial role in healthcare in the United Kingdom. Their roles are varied and focus on helping patients with physical problems, injuries, and conditions to improve their mobility, manage pain, and regain functional independence through exercise, rehabilitation, lifestyle interventions and behaviour change, as well as advanced skills such as injections and medicines prescription. Physiotherapists contribute extensively to research in relevant areas, provide expert leadership to services and organisations, along with being embedded educators for patients, in universities and for fellow professionals. Membership numbers have been steadily growing by around 1-2% a year for the past 7 years, from 53,019 on 31 March 2015 to 63,803 as at 31 December 2022. Growth in the physiotherapy workforce is projected to continue as the services of physiotherapists and support workers remain in high demand. The pipeline for physiotherapists entering the profession remains strong with growing numbers studying physiotherapy at UK universities, the development of apprenticeship routes and more internationally trained physios coming to work in the UK.

The CSP pension scheme liability presents a significant long-term commitment and is being actively managed by the CSP. The scheme is closed to new members and 2022 saw a decrease in the pension liability from £29.8m at the end of 2021 to £7.7m at the end of 2022. Significant investment and property holdings create a net asset position of £19.3m. While the pension represents a significant commitment, and one which the CSP has a finance strategy and recovery plan to address, it must be stressed that the pension liability is long-term in nature. 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 2022 the CSP contributed an additional £1.1m to its pension scheme as the third instalment of a ten-year deficit recovery plan. In November 2022 a new recovery plan and schedule of contributions was agreed with the pension trustees in response to a revised triennial actuarial valuation as at 31 March 2021 over a revised timeframe of approximately 11.5 years. The new recovery plan commits the CSP to paying £1.4m per year for the next 11 years. Presently, the actuarial valuation of the scheme deficit has reduced significantly in line with the FRS 102 valuation due to improvements in the discount rate assumptions used.

While there remains some uncertainty on the level of pension repayments that may be required in the long term, the CSP implemented a finance strategy in 2020 which mandates that the annual operating budget targets an operating surplus before gain and losses of a minimum level of £1m a year with any additional surplus to be retained to mitigate future pension valuation volatility. In line with the strategy, all net surpluses are transferred to the pension liability fund with the aim of continuing to grow the CSP's assets to offset the liability. 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 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. The finance strategy will be reviewed in 2023, in line with the corporate strategy. The CSP had a strong cash and investment holdings position of £20.5m at the end of 2022, reflecting the strong working capital position of the society.

With 92% of CSP income coming by subscription fees, the CSP has a stable income stream and generates a modest cash surplus from its operating activities with a £1.7m surplus generated in 2022 (£1.8m in 2021). Total membership numbers continue to increase in line with historic trends and year-to-date figures as of July 2023 are in line with our income projections.

The CSP Leadership Team has conducted a review of the current economic conditions on the CSP's risks and strategic plans for the Council. The impact of inflation on the CSP has been assessed by the Leadership Team for the Council through the 2023 and 2024 budgeting process. A detailed budget for 2023 and subsequent reforecasting conducted with managers across the business indicates an expected operating surplus for 2023 of £1.2m and is in line with CSP Finance Strategy which specifies that a minimum operating surplus of £1m be generated annually. Based on performance to date and forecasts for the remainder of 2023 income is expected to increase by 7% on the prior year due in part to a forecasted increase in membership numbers, as well as a 5% increase in subscription prices for 2023 across all categories of membership.

The Chartered Society of Physiotherapy

Annual Report and Statement of Council Members' Responsibilities for the year ended 31 December 2022 (*continued*)

Preparation of accounts on a going concern basis (*continued*)

Expenditure in 2023 is budgeted to increase 13% on the 2022 operating actuals. As a result of the pandemic, standard activities in 2022 were still scaling back up after the period of restrictions in 2020 and 2021. Potential inflationary increases have been captured in the 2023 operating budget through individual budgeted income and expenditure lines, as well as an overall contingency to capture any further inflationary increases during the year. Increases to costs are monitored regularly and any changes updated through the quarterly reforecasts. Pay expenditure has been forecast to increase to account for the increased employer NI contributions, as well as the staff annual uplift in pay of 5% in April. 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 freehold property asset Bedford Row, was put on the market in October 2021. Until the building is sold, costs to maintain the building will be incurred. Without a known sale date, a full year of maintenance expenditure has been predicted. Expenditure is also planned to deliver a similar level of membership support to 2023, as well as increased levels of campaigns to support the Physiotherapy network across the UK. To date, costs are in line with projections and expected to remain on the same trajectory to year end.

As noted above, CSP receives 92% of its income through subscriptions which are mostly paid monthly by direct debit. Included within this income are also annual subscriptions which represent around 10% of total income paid in advance by February each year. This pattern of receipts means that CSP is usually able to forecast and confirm a positive cash inflow by March each year without needing to draw on cash reserves. Taking into account reasonable risks to membership the CSP continues to forecast that it will generate a positive net cash contribution in 2023.

The fair value of the assets and liabilities held by the CSP continues to be volatile given the current economic situation in the UK and globally, in particular the high levels of inflation.

The value of the CSP's principal asset, its freehold property (Bedford Row), fell by 20% from £9.5m in December 2021 to £7.6 m in December 2022. In 2021, a decision was taken by Council to sell the building, in order to achieve the best return on the asset. The building has received multiple offers to date, but none within the parameters of an acceptable range that has been agreed by Council.

Report of Council Members

Details of the activities undertaken during the year are set out in the Society's 2022 Annual Impact Report.

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

The Council 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;
- 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 Chartered Society of Physiotherapy

Annual Report and Statement of Council Members' Responsibilities for the year ended 31 December 2022 (*continued*)

Report of Council Members (*continued*)

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 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. The CSP continues to monitor the financial impact of inflationary increases and impacts on the cost of supplies.

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 member 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.



Ishmael Beckford (Chair of Council)



Karen Middleton (Chief Executive Officer)

Registered Office:
3rd Floor
South Chancery Exchange
10 Furnival Street
London
EC4A 1AB

The Chartered Society of Physiotherapy

Independent auditor's report to the members of The Chartered Society Of Physiotherapy

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 2022 and of the Society's incoming resources and application of 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 2022 which comprise the Statement of Comprehensive Income (including the income and expenditure account, 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 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.

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 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. 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 course of 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 this gives rise to 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.

We have nothing to report in this regard.

The Chartered Society of Physiotherapy

Independent auditor's report to the members of The Chartered Society Of Physiotherapy (*continued*)

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:

- adequate accounting records have not been kept by the Society; or
- the Society has not maintained a satisfactory system of controls over its transactions in accordance with the requirements; or
- the Society financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of 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:

Based on:

- Our understanding of the Society and the sector in which it operates;
- Discussion with management and those charged with governance including the Finance, Risk and Audit Committee; and
- Obtaining and understanding of the Society's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Trade Union and Labour Relations (Consolidation) Act 1992, UK tax legislation, Employment Taxes, Health and Safety and the Bribery Act 2010.

The Chartered Society of Physiotherapy

Independent auditor's report to the members of The Chartered Society Of Physiotherapy (*continued*)

The Society is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations; and
- Review of financial statement disclosures and agreeing to supporting documentation.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance including the Finance, Risk and Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Society's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud;
- Read minutes of meetings of those charged with governance and reviewed correspondence with HMRC and the Certification Office;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be improper revenue recognition and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to income recognition, assumptions association with defined benefit pension scheme obligations and the valuation of tangible fixed assets and investments; and
- Testing the application of cut off on revenue for evidence that it was recorded in the correct period;

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The Chartered Society of Physiotherapy

Independent auditor's report to the members of The Chartered Society Of Physiotherapy (*continued*)

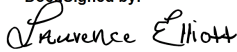
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, 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)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date 28 September 2023

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

The Chartered Society of Physiotherapy

Statement of Comprehensive Income (including the income and expenditure account) for the year ended 31 December 2022

	Note	2022 £'000	2021 Restated £'000
Income			
Income from services and products	4	21,150	19,659
Investment income	5	335	100
Other operating income: furlough income		-	90
		<u>21,485</u>	<u>19,849</u>
Operating costs			
Operating expenses	6	(18,502)	(17,553)
Other expenses	6	(539)	(482)
		<u>(19,041)</u>	<u>(18,035)</u>
Operating surplus before gains and losses	7	2,444	1,814
Changes in fair value of investments			
Realised loss on disposal/transfer of investments		(148)	(705)
Unrealised (loss)/gain on revaluation of investments	13	(2,020)	2,009
		<u>276</u>	<u>3,118</u>
Surplus before taxation		276	3,118
Taxation	10	(207)	-
		<u>69</u>	<u>3,118</u>
Other Comprehensive Income/(Expenditure)			
Loss on revaluation of properties	12	(1,835)	(1,014)
Actuarial gain on defined benefit pension scheme	17	21,933	7,287
		<u>20,167</u>	<u>9,391</u>
Total comprehensive gain for the year		20,167	9,391

For details of the prior year restatement see note 24.

The notes on pages 14 to 33 form part of these financial statements.

The Chartered Society of Physiotherapy

Balance sheet at 31 December 2022

	Note	2022 £'000	2022 £'000	2021 Restated £'000	2021 Restated £'000
Fixed assets					
Intangible assets	11		183		145
Tangible assets	12		7,754		9,628
Investments	13		19,590		19,479
			<u>27,527</u>		<u>29,252</u>
Current assets					
Debtors and prepayments	14	871		1,905	
Cash at bank and in hand		931		1,332	
		<u>1,802</u>		<u>3,237</u>	
Creditors: amounts falling due within one year	15	(2,258)		(3,482)	
Net current liabilities			<u>(456)</u>		<u>(245)</u>
Total assets less current liabilities			<u>27,071</u>		<u>29,007</u>
Defined benefit pension scheme liability	17		<u>(7,729)</u>		<u>(29,832)</u>
Net assets/(liabilities) including pension liability			<u>19,342</u>		<u>(825)</u>
Represented by:					
General fund	21		15,177		14,205
Property revaluation fund	21		4,286		6,747
Investment revaluation fund	21		-		2,775
Pension reserve fund	21		(7,729)		(29,832)
Future pension volatility mitigation fund	21		7,608		5,164
Other funds	21		-		116
Total funds/(deficit)			<u>19,342</u>		<u>(825)</u>

For details of the prior year restatement see note 24.

The financial statements on pages 11 to 33 were approved by the Council and authorised for issue on 21/09/23 and are signed on its behalf by:




Ishmael Beckford (Chair of Council)

Karen Middleton (Chief Executive Officer)

The notes on pages 14 to 33 form part of these financial statements.

The Chartered Society of Physiotherapy

Statement of cash flows for the year ended 31 December 2022

	Note	2022 £'000	2021 Restated £'000
Cash flows from operating activities			
Operating surplus after tax		69	3,118
Loss/(gain) on revaluation of investment	13	2,020	(2,009)
Investment income received	5	(335)	(100)
Depreciation	12	77	199
Amortisation	11	45	132
Decrease in debtors	14	1,034	510
Increase/(decrease) in creditors	15	(1,431)	(19)
Defined benefit pension items - not involving the pension repayment plan cash payment	17	971	974
Pension repayment plan cash payment		(1,141)	(1,032)
Write off of intangibles and tangible fixed assets	11,12	201	-
Tax charge		207	
		1,717	1,773
Cash flows from investing activities			
Interest received	5	28	-
Dividends received	5	307	100
Purchase of intangible fixed assets	11	(220)	(16)
Purchase of tangible fixed assets	12	(102)	(132)
Sales of investment	13	1,357	7,609
Purchase of investments	13	(3,488)	(18,255)
		(2,118)	(10,694)
Net cash used in investing activities			
		(401)	(8,921)
Cash and cash equivalents at 1 January			
		1,332	10,253
Cash and cash equivalents at 31 December			
		931	1,332
Statement of changes in net debt			
	1 January 2022 £'000	Cash flows £'000	31 December 2022 £'000
Cash at bank and in hand	1,332	(401)	931
	1,332	(401)	931

The Society has no external debt.

For details of the prior year restatement see note 24.

The notes on pages 14 to 33 form part of these financial statements.

The Chartered Society of Physiotherapy

Notes forming part of the financial statements for the year ended 31 December 2022

1 General information

The Chartered Society of Physiotherapy ("the Society") is incorporated under Royal Charter in the UK and is a trade union on the special register under the Trade Union and Labour Relations (Consolidation) Act 1992. The address of the registered office is given on the Society Information page and the nature of the Society's operations and its principal activity is set out in the annual report.

2 Accounting policies

a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The financial statements are prepared in GBP and rounded to the nearest thousand.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Society's accounting policies (see note 3).

The following principal accounting policies have been applied:

b) Going concern

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 Strategy and its reserves position.

Taking the above into account as well as the impacts of inflation noted above, the CSP continues to forecast that it will generate a positive net cash contribution in 2024.

In light of the historic growth in membership numbers as noted previously, we consider this significant drop in membership 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) Income from services and products

Members' subscriptions (except student memberships, see 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 financial year to which they relate.

Included as part of income for educational purposes 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.

Income from events is recognised in the period in which the event takes place.

Income from journals is recognised monthly on an accruals basis according to the period in which the income is earned.

The Chartered Society of Physiotherapy

Notes forming part of the financial statements for the year ended 31 December 2022 (*continued*)

2 Accounting policies (*continued*)

d) Investment income

Income from listed investments is accounted for on a receivable basis and other investment income on an accruals basis. The CSP investment policy seeks to achieve capital growth and not income.

e) Other operating income

Grants of a revenue nature are credited to income in the period to which they relate, unless performance conditions require recognition to be deferred.

f) Taxation

The Society is subject to UK corporation tax on investment income and gains, and surpluses arising from transactions with non-members. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Society operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

g) Leases

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.

h) Pension costs: defined benefit scheme

The Society operates a defined benefit pension arrangement called the Chartered Society of Physiotherapy Staff Pension Scheme (the Scheme). The Scheme has been closed to new joiners since April 2020.

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.

The Chartered Society of Physiotherapy

Notes forming part of the financial statements for the year ended 31 December 2022 (*continued*)

2 Accounting policies (*continued*)

h) Pension costs: defined benefit scheme (*continued*)

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet.

The current service costs and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current accounting period. Interest is calculated on the net defined liability. Re-measurements are reported in other comprehensive income.

i) Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

Amortisation is provided on the following basis:

Computer software – 3 to 6 years

j) Tangible Fixed assets

Freehold property, including land, is stated at market value less accumulated depreciation and subsequent accumulated impairment losses. The market value of the property is reviewed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value at the reporting date.

Increases in fair value of freehold property is reported in other comprehensive income and accumulated in funds. However, the increase is recognised in profit or loss only to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Similarly, the decrease of the asset's carrying amount as a result of a revaluation is only recognised in other comprehensive income to the extent of any previously unrecognised revaluation increase accumulated in equity in respect of that asset.

All other tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on all 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 1 to 5 years
Other equipment	-	between 5 and 12 years

k) Investments

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

Investments are stated at market value through profit and loss at the reporting date. Realised and unrealised gains and losses on revaluation of fixed asset investments are recognised in the Statement of Comprehensive Income.

The Chartered Society of Physiotherapy

Notes forming part of the financial statements for the year ended 31 December 2022 (*continued*)

2 Accounting policies (*continued*)

l) 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.

m) Debtors

Trade and other debtors are recognised at settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

o) Creditors

Liabilities are recognised when there is an obligation at the balance sheet date as result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Society anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

p) Funds

The Society holds a number of funds, which are described in note 21 of these financial statements.

3 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 12) and those used by the scheme actuary in calculating the Society's defined benefit liability (note 17).

Leasehold property is included in the balance sheet at open market value. At 31 December 2022 the property was valued by Farebrother in accordance with the RICS Valuation – Global Standards 2020 incorporating the IVSC International Valuation Standards, and in line with the 'Red Book'. The valuation considered market conditions, and the assessment of any impairments that might affect property values. As well, estimations regarding the useful life of the property and potential changes in market trends were also reviewed. Additionally, the valuation assumes that the property is free from any structural faults and other adverse defects not identified in the site inspection.

In addition, the retirement benefit liability holds specific importance. As per note 17, determining the year-end recognition of the obligations associated with this scheme and assessing the value of assets set aside to cover these obligations necessitates the consideration of various crucial factors. These factors include assumptions related to scheme membership levels, mortality rates, critical financial market metrics like inflation, and anticipated future returns on assets. The pension valuation is especially volatile and CSP engages with its actuaries in compliance with FRS102.

The Chartered Society of Physiotherapy

Notes forming part of the financial statements
for the year ended 31 December 2022 (*continued*)

4 Income for services and products

	2022	2021
	£'000	Restated £'000
Subscriptions	20,189	18,880
Income from journals	427	502
Income for educational purposes	89	159
Income from events	-	87
Grant and miscellaneous	445	31
	<u>21,150</u>	<u>19,659</u>

For details of the prior year restatement see note 24.

5 Investment income

	2022	2021
	£'000	Restated £'000
Interest receivable	28	4
Dividends receivable	307	96
	<u>335</u>	<u>100</u>

For details of the prior year restatement see note 24.

6 Operating expenses

	2022	2021
	£'000	Restated £'000
Area of activity:		
Practice and Development	4,857	4,750
Employment Relations and Union Services	2,998	2,640
Journals	1,017	910
Strategy, Policy and Engagement	4,224	3,270
Events	176	241
Administration and Finance	5,769	6,224
	<u>19,041</u>	<u>18,035</u>
Less other expenses:		
Pension finance charge	(539)	(482)
	<u>18,502</u>	<u>17,553</u>

The Chartered Society of Physiotherapy

Notes forming part of the financial statements for the year ended 31 December 2022 (*continued*)

7 Operating surplus

	2022 £'000	2021 £'000
The operating surplus of £2,444k (2021: £1,814k) is stated after charging:		
Auditor's services		
- statutory audit of the organisation	52	26
- accounts preparation services	5	-
- membership audit	4	4
- taxation compliance services	5	8
Depreciation and amortisation - owned assets	122	332
Loss on write off of tangible fixed assets	64	-
Loss on write-off of intangible fixed assets	137	-
	<u> </u>	<u> </u>

8 Staff costs

	2022 £'000	2021 £'000
Average full time equivalents employed	163	143
	<u> </u>	<u> </u>
Staff costs for the above persons:	2022 £'000	2021 £'000
Wages and salaries	7,429	7,491
Social security costs	951	822
Other pension costs and current service cost	940	901
Defined contribution pensions cost	809	1,065
Temporary staff costs	390	592
	<u> </u>	<u> </u>
	10,519	10,871
	<u> </u>	<u> </u>

9 Senior officers

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

Staff costs disclosed in note 8 include the following payments in respect of Senior Officers' emoluments:

	2022 £'000	2021 £'000
Emoluments	456	459
Employer's pension contributions	74	75
	<u> </u>	<u> </u>
	530	533
	<u> </u>	<u> </u>
Highest paid employee:		
Remuneration	136	132
Employer's pension contributions	23	22
	<u> </u>	<u> </u>
	159	154
	<u> </u>	<u> </u>
Accrued pension or lump sum at year end (defined benefit schemes)	-	-
	<u> </u>	<u> </u>

The Chartered Society of Physiotherapy

Notes forming part of the financial statements for the year ended 31 December 2022 (*continued*)

10 Taxation

	2022 £'000	2021 £'000
UK Corporation tax on surplus for the year at 19% (2021 – 19%)		
In respect of the current year	29	-
Adjustment in respect of prior periods	178	-
	<u>207</u>	<u>-</u>
Deferred taxation		
Origination and reversal of timing differences	(229)	-
Effect of changes in tax rates	229	-
	<u>207</u>	<u>-</u>
Tax charge on surplus	<u>207</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

Current tax reconciliation

	2022 £'000	2021 Restated £'000
Surplus before taxation	276	3,118
At tax rate of 19% (2021 - 19%)	52	592
Non-taxable income	(311)	(698)
Tax losses offset against deferred tax	-	(211)
Other differences	-	317
Chargeable losses	(384)	-
Expenses not deductible	342	-
Adjustment to losses	3,645	-
Exempt ABGH distributions	(45)	-
Adjustment to tax in respect of previous periods	178	-
Remeasurement of deferred tax for changes in tax rates	1,262	-
Movement in deferred tax not recognised	(4,532)	-
Total tax charge for the year	<u>207</u>	<u>-</u>

The Society has an unrecognised deferred tax asset of £67k (2021 – liability of £4,465k).

Factors that may affect future tax charges

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced at the budget on 3 March 2021, and substantively enacted on 24 May 2021. The deferred tax balance at 31 December 2022 has been calculated based on the rate as at the reporting date.

For details of the prior year restatement see note 24.

The Chartered Society of Physiotherapy

Notes forming part of the financial statements
for the year ended 31 December 2022 (*continued*)

11 Intangible fixed assets

	Computer software £'000
<i>Cost or valuation</i>	
At 1 January 2022	3,332
Write-off	(3,308)
Additions	220
	<hr/>
At 31 December 2022	244
	<hr/>
<i>Amortisation</i>	
At 1 January 2022	3,187
Write-off	(3,171)
Charge for year	45
	<hr/>
At 31 December 2022	61
	<hr/>
<i>Net book value</i>	
At 31 December 2022	183
	<hr/> <hr/>
At 31 December 2021	145
	<hr/> <hr/>

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

The Chartered Society of Physiotherapy

Notes forming part of the financial statements
for the year ended 31 December 2022 (*continued*)

12 Tangible fixed assets

	Freehold land and property £'000	Computer hardware £'000	Other equipment £'000	Total £'000
<i>Cost or valuation</i>				
At 1 January 2022	9,455	1,903	305	11,662
Additions	-	21	81	102
Write-off	-	(1,749)	(203)	(1,952)
Revaluation	(1,835)	-	-	(1,835)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	7,620	175	183	7,978
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2022	-	1,756	279	2,035
Charge for year	-	59	18	77
Write-off	-	(1,685)	(203)	(1,888)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	-	130	94	224
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2022	7,620	45	89	7,754
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021	9,455	147	26	9,628
	<hr/>	<hr/>	<hr/>	<hr/>

Freehold property includes land, buildings and improvements to freehold property. Included in freehold property brought forward at 1 January 2022 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 £7,620,000 by Farebrother as at 31 December 2022. 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.

The valuation has been undertaken using the Investment Method of Valuation. Research has been undertaken into rental and capital transactions in the vicinity of the subject premises and the passing rent and an assumed market rent have then been capitalised using appropriate investment yields. Traditional purchaser's costs have been deducted to arrive at a net value. This value has then been compared to other capital transactions on a capital value per square foot basis.

In addition to the above, the key assumptions are:

- The property has been valued as is and in its current state of condition and repair with an assumed length of marketing period for finding a tenant of 9 months with a 15-month rent free period.
- A yield of 5.75% has been applied, this reflects the current investment market. The change in interest rates over the intervening period between valuations has involved 8 increases in Bank of England Bank Rate. In December 2021 the Bank Rate increased to 0.25% and 12 months later the last increase in December 2022 raised it to 3.5%.

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

The Chartered Society of Physiotherapy

Notes forming part of the financial statements
for the year ended 31 December 2022 (*continued*)

13 Investments	2022	2021
	£'000	£'000
At valuation:		
At 1 January	19,479	6,824
Acquisitions at cost	3,488	18,255
Disposals	(1,357)	(7,609)
Unrealised (loss)/gain on investment	(2,020)	2,009
	<hr/>	<hr/>
At 31 December	19,590	19,479
	<hr/> <hr/>	<hr/> <hr/>
Historic cost of investments	20,537	17,408
	<hr/> <hr/>	<hr/> <hr/>
	2022	2021
	£'000	£'000
The investment comprised:		
Listed: Unit Trusts	19,056	18,710
Cash	534	769
	<hr/>	<hr/>
At 31 December	19,590	19,479
	<hr/> <hr/>	<hr/> <hr/>
14 Debtors	2022	2021
	£'000	Restated
		£'000
Trade debtors	230	300
Other tax and social security	-	31
Other debtors	12	90
Prepayments and accrued income	629	1,484
	<hr/>	<hr/>
	871	1,905
	<hr/> <hr/>	<hr/> <hr/>

For details of the prior year restatement see note 24.

The Chartered Society of Physiotherapy

Notes forming part of the financial statements for the year ended 31 December 2022 (*continued*)

15 Creditors: amounts falling due within one year	2022 £'000	2021 £'000
Trade creditors	835	1,310
Other tax and social security	305	426
Accruals and deferred income	615	1,618
Corporation tax	207	-
Membership subscriptions in advance	60	60
Other creditors	236	68
	<u>2,258</u>	<u>3,482</u>
	<u>2,258</u>	<u>3,482</u>

16 Financial instruments	2022 £'000	2021 Restated £'000
Financial assets		
Financial assets measured at amortised cost	1,934	2,093
Financial assets measured at fair value through profit and loss	19,056	18,710
	<u>19,056</u>	<u>18,710</u>
Financial liabilities		
Financial liabilities measured at amortised cost	1,786	1,924
	<u>1,786</u>	<u>1,924</u>

Financial assets measured at amortised cost comprise investments in cash, trade debtors, other debtors, accrued income, and cash at bank.

Financial assets measured at fair value through profit and loss comprise investments in shares.

Financial liabilities measured at amortised cost comprise trade creditors, other tax and social security, accruals, and other creditors.

For details of the prior year restatement see note 24.

The Chartered Society of Physiotherapy

Notes forming part of the financial statements for the year ended 31 December 2022 (*continued*)

17 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 Scheme is managed by a board of Trustees, appointed in part by the Employer and in 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. There were no Scheme amendments, curtailments or settlements during the period.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 March 2021 and the next valuation of the Scheme is due as at 31 March 2024. In November 2022, a new recovery plan and schedule of contributions was agreed with the pension trustees in response to the revised triennial actuarial valuation over a revised timeframe of approximately 11.5 years. The new plan commits the CSP to paying £1.4m per year for the next 11 years.

Presently, the actuarial valuation of the scheme deficit has reduced significantly in line with the FRS 102 valuation due to improvements in the discount rate assumptions used. 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.

In 2022, the CSP contributed an additional £1.1m to its pension scheme as the third instalment of a ten-year deficit recovery plan. Payments to the scheme in 2022 were £1.6m (2021 - £1.6m) and anticipated payments to the scheme for 2023 is £2.0m.

Below, you will find information regarding the defined benefit plan, prepared in compliance with section 28 of FRS102. The calculations were carried out by an independent certified actuary. The adjustments consider alterations in financial circumstances, the actual disbursements made during this period, and the effects of granted pension scheme increments.

Principal actuarial assumptions	At 31 December 2022	At 31 December 2021
Discount rate	4.85%	1.85%
Inflation (RPI)	3.10%	3.20%
Inflation (CPI)	2.70%	2.80%
Salary increases	2.70%	In line with CPI
Pension increase (RPI max 5%)	2.85%	2.95%
Post-retirement mortality	S3PA tables with CMI 2020 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	All members are assumed to take the maximum tax free cash possible
Proportion married	70.00%	70.00%

The Chartered Society of Physiotherapy

Notes forming part of the financial statements
for the year ended 31 December 2022 (*continued*)

17 Defined benefit pension scheme (*continued*)

The current asset split is as follows:

	At 31 December 2022 £'000	At 31 December 2021 £'000
BlackRock Equities	40.4%	40.5%
Columbia Threadneedle Dynamic Real Return Fund	57.3%	57.2%
Cash	2.3%	2.3%
	<hr/>	<hr/>
Total	100.0%	100.0%
Total assets (£000)	36,625	39,137

Balance sheet

	At 31 December 2022 £'000	At 31 December 2021 £'000
Fair value of assets	36,625	39,064
Present value of funded obligations	(44,354)	(68,896)
	<hr/>	<hr/>
Deficit in scheme	(7,729)	(29,832)
	<hr/>	<hr/>
Net defined benefit liability	(7,729)	(29,832)
	<hr/>	<hr/>

Amount recognised in the income and expenditure account

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
Current service cost	(598)	(752)
Administration costs	(272)	(222)
Interest on liabilities	(1,267)	(950)
Interest on assets	728	476
	<hr/>	<hr/>
Total charge to the income and expenditure account	(1,409)	(1,448)
	<hr/>	<hr/>

The Chartered Society of Physiotherapy

Notes forming part of the financial statements
for the year ended 31 December 2022 (*continued*)

17 Defined benefit pension scheme (*continued*)

Remeasurements over the year	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
(Loss)/gain on assets in excess of interest	(3,722)	1,778
Experience losses on liabilities	(4,479)	(753)
Gains from changes to demographic assumptions	-	1,467
Gains from changes to financial assumptions	30,061	4,794
Other	73	-
	21,933	7,286
	21,933	7,286
Change in value of assets	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
Fair value of assets at 1 January	39,137	36,326
Interest income	728	476
Contributions by employer	1,579	1,579
Contributions by Scheme participants	113	130
Benefits paid	(938)	(930)
Administration costs	(272)	(222)
Changes due to settlement and curtailment cost	-	-
(Loss)/return on assets less interest	(3,722)	1,778
	36,625	39,137
Fair value of assets at 31 December	36,625	39,137
Actual (loss)/return on assets	(2,994)	2,254
	(2,994)	2,254
	(2,994)	2,254
Change in value of defined benefit liabilities	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
Value of liabilities at 1 January	(68,896)	(73,502)
Current service cost	(598)	(752)
Contributions by Scheme participants	(113)	(130)
Past service costs	-	-
Interest cost	(1,267)	(950)
Benefits paid	938	930
Change due to settlement or curtailment cost	-	-
Experience loss on liabilities	(4,479)	(753)
Changes to demographic assumptions	-	1,467
Changes to financial assumptions	30,061	4,794
	(44,354)	(68,896)
Value of liabilities at 31 December	(44,354)	(68,896)

The Chartered Society of Physiotherapy

Notes forming part of the financial statements
for the year ended 31 December 2022 (*continued*)

17 Defined benefit pension scheme (*continued*)

Sensitivity of the value placed on the liabilities	Approximate effect on liability £'000
Discount rate +0.50%	(3,022)
Discount rate -0.50%	3,403
Inflation +0.50%	2,785
Inflation -0.50%	(2,376)
Salary increases equal to the CPI inflation assumption	235
95% of S2NA tables with CMI 2017 projection and 1.0% p.a. long term rate	493
Members take 90% of the maximum possible tax-free cash	71

18 Operating lease

Operating lease commitments	2022 £'000	2021 £'000
Less than 1 year	290	127
1 year to less than 5 years	550	926
More than 5 years	17	434
	<hr/>	<hr/>
Total	857	1,487
	<hr/>	<hr/>

19 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. There are no cash holdings by the boards and branches.

20 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 that no allowances were paid in 2022 to the Chair and Vice-Chair.

The Chartered Society of Physiotherapy

Notes forming part of the financial statements
for the year ended 31 December 2022 (*continued*)

21 Statement of Funds

	General reserve £'000	Property revaluation reserve £'000	Investment revaluation reserve £'000	Pension reserve £'000	Future pension volatility mitigation reserve £'000	Legal reserve £'000	Total £'000
As at 1 January 2022 as previously stated	14,910	6,747	2,775	(29,832)	5,255	116	(29)
Prior year restatement	(705)	-	-	-	(91)	-	(796)
As at 1 January 2022	14,205	6,747	2,775	(29,832)	5,164	116	(825)
Surplus and other comprehensive income for the year	69	(1,835)	-	21,933	-	-	20,167
Repayments made under the pension repayment plan	-	-	-	1,141	(1,141)	-	-
Transfer from property revaluation fund	626	(626)	-	-	-	-	-
Transfer of investment revaluation to investment revaluation fund	2,775	-	(2,775)	-	-	-	-
Transfer of pension cost to the pension reserve fund	971	-	-	(971)	-	-	-
Transfer of remaining operating surplus to future pension volatility mitigation fund	(3,585)	-	-	-	3,585	-	-
Transfer from Legal reserve	116	-	-	-	-	(116)	-
As at 31 December 2022	15,177	4,286	-	(7,729)	7,608	-	19,342

For details of the prior year restatement see note 24.

The Chartered Society of Physiotherapy

Notes forming part of the financial statements
for the year ended 31 December 2022 (*continued*)

21 Statement of Funds (*continued*)

	General reserve (restated) £'000	Property revaluation reserve £'000	Investment revaluation reserve £'000	Pension reserve £'000	Future pension volatility mitigation reserve (restated) £'000	Legal reserve £'000	Board and branch reserve £'000	Total (restated) £'000
As at 1 January 2021	14,830	7,736	766	(37,177)	3,350	116	163	(10,216)
Surplus and other comprehensive income for the year (restated)	3,118	(1,014)	-	7,287	-	-	-	9,391
Repayments made under the pension repayment plan	-	-	-	1,032	(1,032)	-	-	-
Transfer of investment revaluation to investment revaluation fund	(2,009)	-	2,009	-	-	-	-	-
Transfer of depreciation from property revaluation fund	(25)	25	-	-	-	-	-	-
Transfer of pension cost to the pension reserve fund	974	-	-	(974)	-	-	-	-
Transfer of remaining operating surplus to future pension volatility mitigation fund (restated)	(2,846)	-	-	-	2,846	-	-	-
Transfers from other funds	163	-	-	-	-	-	(163)	-
As at 31 December 2021 (restated)	14,205	6,747	2,775	(29,832)	5,164	116	-	(825)

For details of the prior year restatement see note 24.

The Chartered Society of Physiotherapy

Notes forming part of the financial statements for the year ended 31 December 2022 (*continued*)

21 Statement of Funds (*continued*)

The funds are described below:

General

The general fund represents funds available for general use of the Society.

Property revaluation reserve

The property revaluation fund represents the accumulated revaluation of the property over and above its value on the historic cost basis.

Investment revaluation reserve

The investment revaluation fund represents the accumulated gains and losses on fixed asset investments, over and above its historic cost. A transfer is made annually representing the change in fair value in the year.

Pension reserve

The pension reserve represents the defined benefit pension obligation.

Future pension volatility mitigation fund

The triennial valuation of the CSP staff pension scheme performed by the Scheme's actuaries, Barnett Waddingham, estimated a £26m deficit as at 31 March 2021.

In November 2022 the CSP filed a recovery plan with the Pension Regulator committing to pay down the actuarial deficit over a 11.5 year period. This entailed an increase to the term of the previous recovery plan and the annual payments to approximately £1.4m per year.

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 includes the recovery plan payments, and in addition any surplus generated by the CSP from 2018 until further notice.

The transfers from general fund represent the operating surplus from 2019-22 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 31 March 2024. 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.

Legal fund

The legal fund was established to meet the costs of defending members in particularly large or complex legal cases relating to employment. Following a review by Trustees, it has been determined that this fund is no longer required and a transfer has been made to general funds.

Board and branch reserve

The board and branch reserves fund represents the net assets held by the Society's regional boards and local branches.

The Chartered Society of Physiotherapy

Notes forming part of the financial statements for the year ended 31 December 2022 (*continued*)

22 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 Society provided financial and administrative services to the Charitable Trust at a cost of £4,248 (2021 - £19,121) and donated financial and administrative services to the Charitable Trust with an estimated value of £13,562 (2021: £0). As at 31 December 2022 the Charitable Trust owed the Society £82,537 (2021 - £370,451). As at 31 December 2022 the Society did not owe any funds to the Trust (2021 - no funds owed).

The Society provided financial and administrative services with an estimated value of £12,996, at no cost, to the Members' Benevolent Fund (2021 - £14,869). As at 31 December 2022 the amount owed to the Society was £6,479 (2021 - £2,063).

An amount of £50,089 (2021 - £7,803) 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.

The Society has not made any payments to the two associated charities (The Chartered Society of Physiotherapy Charitable Trust and The Chartered Society of Physiotherapy Members' Benevolent Fund) during the year (2021 - £Nil).

23 Capital commitments

The Society had no capital commitments at 31 December 2022 (2021 - £Nil).

24 Prior year adjustment

The Society has identified four errors in the prior year accounts:

Adjustment 1: The Society has identified an error in the accounting of grant income in the previous year, leading to a reduction of £796k in grant income and accrued income for the year ending on 31 December 2021. Consequently, net assets as of 31 December 2021, decreased by the same amount. To align with this adjustment, the cash flow statement and financial instruments note have been restated. The financial instruments note has also been restated by the same amount.

Adjustment 2: A second error was detected concerning the presentation of the revaluation of fixed asset investments, which should have been recognized in profit or loss rather than in other comprehensive income. The correction of the £2,009k revaluation in the December 2021 accounts has resulted in an increase in operating surplus before taxation, now totalling £3,118k. This adjustment has also affected the cash flow statement.

Adjustment 3: In the prior year the cash flow for the pension repayment plan should have been included under net cash from operating activities. This error has been corrected.

Adjustment 4: An error was identified concerning the inclusion of losses on the sale of investments being included in investment income. This is now included in its own line in the Statement of Comprehensive Income called 'realised loss on disposal/transfer of investments'.

As a result of adjustments 1 and 4, the transfer from the general fund to the future pension volatility mitigation fund as of 31 December 2021, has been adjusted from £3,642k to £2,846k, as it is calculated based on the operating surplus.

The Chartered Society of Physiotherapy

Notes forming part of the financial statements
for the year ended 31 December 2022 (*continued*)

24 Prior year adjustment (*continued*)

The table below sets out the impact of the prior year restatements described above.

	As previously stated £'000	Adjustment 1 £'000	Adjustment 2 £'000	Adjustment 3 £'000	Adjustment 4 £'000	As restated £'000
Net assets as at 31 December 2021	(29)	(796)	-	-	-	(825)
SOCI Realised loss on revaluation of investments	-	-	-	-	(705)	(705)
Cash flow Surplus after taxation	1,905	(796)	2,009	-	-	3,118
Cash flow Net cash from operating activities	2,806	-	-	(1,032)	-	1,773
Cash flow Debtors movement	(286)	796	-	-	-	510
Note 4 Grant and miscellaneous income	827	(796)	-	-	-	31
Note 5 Investment income	(605)	-	-	-	705	100
Note 10 Surplus before taxation	1,905	(796)	2,009	-	-	3,118
Note 10 Non-taxable income (within tax charge reconciliation)	(468)	152	(382)	-	-	(698)
Note 14 Prepayments and accrued income	2,280	(796)	-	-	-	1,484
Note 16 Financial assets held at amortised cost	2,889	(796)	-	-	-	2,093
Note 21 Transfer to Future Pension Mitigation Fund	(2,937)	796	-	-	(705)	(2,846)