



Annual Report and Accounts 2019



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About the IMarEST

Background

The Institute of Marine Engineering, Science and Technology (IMarEST) is the international membership body and learned society for all marine professionals. The IMarEST has registered charity status (number 212992) and is the first institute to bring together marine professionals from across the full spectrum of marine engineering, science and technology in a single international multi-disciplinary professional body. The IMarEST is the largest marine organisation of its kind with a worldwide membership of over 20,000 individuals based in over 120 countries.

Our charitable purposes are to:

1. Relieve global poverty through safe, sustainable use of ocean trade and resources
2. Promote educational excellence for those operating in the global marine sector
3. Improve safety for those operating in the global marine sector
4. Advance the understanding and practice of marine engineering, science and technology
5. Promote environmental sustainability for the benefit of mankind
6. Encourage ethical professionalism by upholding standards

Vision and Mission

Our vision is a world where marine resources and activities are sustained, managed and developed for the benefit of humanity. Our mission is to be the international organisation of choice for all concerned with marine resources and activities, by providing professional leadership, upholding standards, and developing and sharing knowledge based upon integrity, quality and fairness.

Strategic Plan

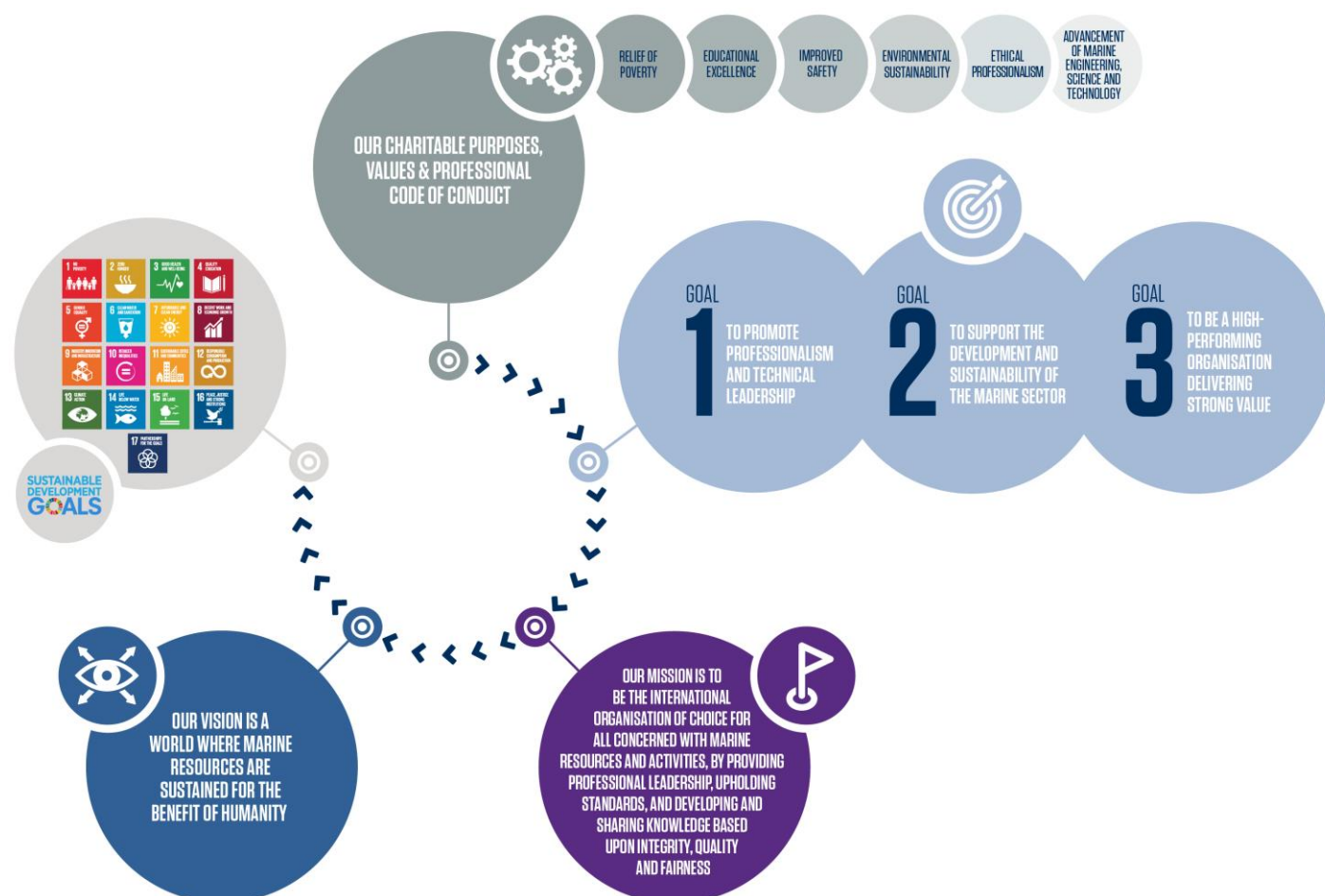
The IMarEST Strategic Plan for 2018-2022 outlines the high-level direction of the institute and identifies three key goals:

To promote professionalism and technical leadership;

To support the development and sustainability of the marine sector; and

To be a high performing organisation delivering strong value.

These goals, driven by our charitable purposes and organisational values, are designed to support delivery of our mission and vision and contribute to the delivery of the United Nations Sustainable Development Goals; they build upon our achievements of the previous five years and go to the very heart of our mission as an Institute.



Chair’s foreword

We are now at the end of the second year of our 5-year Strategic Plan, begun in 2018, which lays out the Institute’s chief aims through the three strategic goals as outlined in the above diagram.

We continue to deliver against Goal 1 by harnessing the expertise of our committed and experienced volunteer workforce. Our Membership Committee reviews applications for membership and registration and oversees the Professional Review Interview process to ensure all applicants meet our stringent standards. The Professional Affairs and Education Committee accredits academic and professional development courses and the work of our Technical Leadership Board and our SIGs (special interest groups) provides opportunity for members to engage in their fields of interest and allows the Institute to

support practicable and progressive global policymaking through their attendance at national and international meetings. We are also able to ensure that our publications, both books and journals, remain relevant to the membership and are rigorously reviewed by the relevant editorial board with oversight by the Publications Supervisory Board.

These committees - which form the backbone of the Institute's learned society activities - give a report to the Board at each of its four meetings, stimulating useful discussion and helping to drive the Institute forward with the support of the IMarEST executive staff. However, this is not all that the Institute is doing to meet Goal 1. We have expanded our range of CPD (continuing professional development) offerings through Echo, our professional development platform. Our repository of recorded lectures in IMarEST TV is growing fast and we have a full calendar of lectures hosted across the world thanks to the tireless work of the volunteers running our local branches.

Supporting the development and sustainability of the marine sector (Goal 2) is achieved partly by meeting Goal 1, but also through raising awareness about the opportunities the marine sector offers in order to attract the best talent for the future. Furthermore, it is about supporting this generation of marine professionals throughout their studies and early careers and we do this by offering a range of bursaries, awards, subsidised membership fees, IPD opportunities and activities. Our Graduate Pathway programme pulls all of these elements together to support those in the first five years of their career, building up the foundations for gaining registration such as Chartered status.

Goal 2 also relies on us raising awareness of the issues affecting the sector to bring people and organisations together to tackle these issues for a sustainable future. We have been working closely with governments and other organisations to provide impartial evidence-based technical advice which can inform policy, strategy and regulations for the sector as part of our ongoing mission to deliver public benefit.

Goal 3 is about being a high-performing organisation delivering strong value. The Board of Trustees spends time at each meeting monitoring progress against the agreed budget and business plan. The financial performance of the Institute continues to improve and we have exceeded our financial targets for 2019 providing us with a more solid financial footing as we move forward into 2020.

The Board continues to monitor the risks the Institute faces and the diversity of expertise and perspective that each Board member offers greatly contributes to this. There is more to this goal than just financial performance and mitigating risk, as important as these issues are. Delivering services that members need, at all stages of their careers and professional development, is vitally important if we are to retain and grow the membership. We are making good progress in this area as the ever expanding ways to access knowledge and information and the means to provide professional recognition demonstrate.

Finally, I would like to thank once again all the member volunteers and Institute staff for their hard work. I believe that we can look forward to the future with confidence as we continue to focus on the goals set out in the Strategic Plan.

Richard Vie FREng CEng CMarEng FIMarEST

Chair, Board of Trustees

Trustee's Annual Report

Delivering our charitable purposes for the public benefit

The IMarEST charitable purposes are defined in the opening section of this report. They are delivered to the benefit of either the public at large or the global marine community. The general benefits are described below; specific benefits from activities in year are described in the next section.

Benefits arising from charitable purposes

- The general public benefits from safe shipping activities, marine and maritime infrastructure, and from safe and sustainable ocean activities and the conservation of marine resources. The expertise and activities of IMarEST's members contributes to realising these benefits. The general public also benefits from activities that support the generation and dissemination of knowledge, education of the public and making best practice available to our members.
- Governments and intergovernmental organisations benefit from our provision of expert advice through consultation responses and from our published reports. Both public and private sector employers, and through them the wider economy, benefit commercially from employing IMarEST members who have globally recognised professional qualifications.
- Young people can better realise their potential from our efforts to raise interest in marine, science, engineering and technology in schools and colleges; we also encourage and support the young engineers, scientists and technologists of tomorrow.

Underpinning membership expertise

Delivery of the benefits described above depends upon the IMarEST maintaining a strong body of professional expertise incorporated in a financially robust and sustainable body. This expertise is essential to provide technical and social leadership and advice, and to ensure the safety, effectiveness and sustainability of global marine activities. This expertise is developed and recognised through our membership qualification, registration and professional development processes, through the maintenance of a body of technical information, and through professional and technical support. The IMarEST's own activities as a professional body are not considered to generate detriment or harm.

Membership

The IMarEST could not deliver its charitable purposes to the public benefit without its membership, and the membership subscriptions which are used to fund activities for public benefit. General membership of the IMarEST is open to the whole marine community and, through Affiliate membership, to any

member of the public with an interest in marine affairs. Financial barriers to membership are minimised. Membership for students, apprentices, cadets and others in full-time education is free and a Graduate Pathway scheme is in place to offer discounts for four years following graduation. Concessionary rates are in place for those living in certain countries, for those who have retired and for long-service members. Any member suffering financial hardship may apply for fees to be reduced or waived.

Fundraising

All solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties and are focussed on generating income to support delivery of our charitable purposes. The day to day management of all income generation is delegated to the executive team, who are accountable to the Trustees. Fundraising income is presented in our accounts as "Donations". The Institute is aware of the UK Fundraising Regulator's guidance, has received no complaints in the year and is confident in its ability to comply.

Charity Commission Guidance

The IMarEST Board of Trustees confirms it has complied with the duty outlined in Part 2 of the Charities Act 2011 to have regard to guidance on public benefit published by the Charity Commission when exercising any powers or duties to which the guidance is relevant.

Strategic Goal 1: To Promote Professionalism and Technical Leadership

In support of setting and upholding standards, we **accredited courses** for a range of institutions in 2019 including: Southampton University, Cadiz University, IPB University Bogor, City University of London, Ningbo University, Ocean University of China, Republic of Singapore Navy, St Petersburg State Marine Academy, University of Liverpool and the Shell Graduate scheme. We also launched, together with the Nautical Institute, a **Certificate of Excellence** which recognises training colleges for the quality of education they provide. Bangladesh Marine Academy was the first such institution to be awarded this certificate. The Institute's education arm - MLA College - partnered with **BAU Global Education Network** to enable the delivery of more marine distance learning to a wider audience around the world. BAU Global subscribes to an ethos of education without borders and comprises universities, schools and liaison offices across 4 continents.

To ensure we continue to explore topics of increasing importance and support the diverse range of interests of our members, we launched a new **Special Interest Group (SIG) on Naval Engineering** and hosted **roundtable discussions** on marine plastic pollution, autonomous shipping and the future of Liquefied Natural Gas (LNG) in Singapore, Manila and London respectively. The IMarEST's Journal of Operational Oceanography published the third **Ocean State Report**, which provides a comprehensive assessment of the state and health of the global ocean and European regional seas based on EU Copernicus data. As a partner of the international Navigating a Changing Climate initiative, we conducted a survey to explore the **effects of extreme weather on ports**.

We led technical activity in the intergovernmental arena, sending **delegations** to meetings of the International Maritime Organization (IMO), London Convention and London Protocol and the International Panel on Climate Change over the course of the year and submitting a number of papers to IMO. A new partnership with Seascope Consultants Ltd provided IMarEST representation to the discussions held at the UN in New York on the conservation and sustainable use of marine **biological diversity of areas beyond national jurisdiction** (BBNJ).

The IMarEST released an information paper and joint industry guidance on implementing the fuel oil **0.50% m/m sulphur limit** and contributed to the Royal Academy of Engineering's report on "**Engineering priorities for our future economy and society**."

The IMarEST held its first live-streamed conference, a new **Annual Conference** that showcases the work of the Special Interest Groups. This allowed 150 virtual delegates from 42 countries to watch and participate live, along with the 100 delegates in the room. Four successful marine engineering

conferences were held, including the **International Naval Engineering Conference** in Glasgow, alongside the **International Ship Control Systems Symposium** which together welcomed 300 delegates from 18 countries. The **Engine As A Weapon** Symposium and **Marine Electrical and Control Systems Safety** conference were held together in London. In a bid to maximise our knowledge sharing capabilities and accelerate progress in technical fields, we also implemented an open access policy for all IMarEST conference proceedings published from 2017 onwards.

Strategic Goal 2: To Support the Development and Sustainability of the Marine Sector

To further support the development and sustainability of the marine sector, the Institute's chief executive was on a panel of experts inputting to the UK Government's **Maritime 2050 strategy** and was an advisor on the **Clean Maritime Council**, which held its inaugural meeting at the IMarEST headquarters in London. As part of an EU **capacity development project in the Pacific region**, we helped develop a CPD strategy - together with the University of the South Pacific - for those working in fisheries. We also participated in the **Commonwealth Blue Charter forum**, which facilitated partnerships for Commonwealth countries that are leading action groups to tackle various ocean issues or to meet commitments for sustainable ocean development. We delivered an awareness campaign on **emerging trends in the marine environment** through social media to highlight the consequences of new developments such as mesopelagic fishing and environmental insurance. Given the imminent threat posed by climate change and increasing public interest in this topic, the IMarEST updated its **climate change position statement**.

The winner of the 2019 David Henderson Inspiring Journey Grant, Becci Jewell, used the £5,000 grant to follow the southward migration of gray whales from Alaska to Mexico, sharing her exhilarating story through a blog and social media. We made progress on the two voluntary commitments made at the 2017 UN Ocean Conference. The commitment to help protect the marine environment from the transfer of harmful aquatic invasive species was supported through promoting better implementation of the International Convention for the Control and Management of Ships' Ballast Water and Sediments and the IMO biofouling guidelines.

Our second voluntary commitment to improve recruitment and retention of young people in the marine sector was delivered through our continued offer of free membership for all students, cadets and apprentices and our Graduate Pathway initiative.

Our work to inspire, support and develop the next generation of marine professionals continued throughout the year. We introduced an award for apprentices working in any marine-related field with

the new **Lady Hamlyn Award Fund**, for those who have demonstrated an outstanding commitment to their professional development. In further support of the UK government's apprenticeship schemes, the Institute was designated as an **End Point Assessment Organisation**. Student bursaries were awarded for a variety of research. Most notably the prestigious **Stanley Gray Fellowship** was won by Jean-Baptiste Soupez for his research on enhancing the performance of modern downwind sails. We supported Encounter Edu's **Submarine Live** and **Arctic Live** events which reached 24,000 students in 28 countries through live broadcasts to classrooms. 2019 saw more graduating students join the **Graduate Pathway**, which aims to support those in the first five years of their career. Our first cohort of members completed the second year of the Graduate Pathway. To help develop and move the sector forward, the President Andrew Tyler spearheaded the launch of the **IMarEST Women's Network**, to build a forum for gender equality and harness members' expertise and knowledge as role models for the next generation to promote a positive change - a change in the Institute itself and hopefully in the wider marine engineering, science and technology world.

New members from the **Royal Navy** and the **Republic of Singapore Navy** were brought in as part of an ongoing dedicated recruitment campaign. To support future membership growth we designed a number of short videos to explain the benefits of **membership, registration and CPD**, these videos will be available early in the next membership year. The IMarEST has launched a new **NGO partnership scheme** to offer support to non-governmental organisations that have demonstrated a continued commitment to conservation and sustainability of the marine environment.

Strategic Goal 3: To be a High-Performing Organisation Delivering Strong Value

The Institute **achieved its financial targets** for FY 2019 by delivering the operating budget. An excellent financial outturn for FY19 saw a Group Net (deficit) at FY19 year-end of (£139k) before gains and losses against a budget deficit of (£350k), £211k better than budget. Continuous process and systems improvement throughout the year helped to drive continued efficiency across the organisation.

In our quest to deliver value and excellence to our members, we **enhanced our offering in IMarEST Echo**, the Institute's CPD recording tool, for Associate Members, Members and Fellows of the Institute to provide them with learning and training resources as well as a means to centrally record CPD. This included more than 100 new soft skill training videos. Over 20,000 learning items have now been "completed" by members in Echo. We also expanded the content available to all members in **IMarEST TV**, our on demand lecture catalogue. Throughout the year we hosted **three Fellows Events** for members in Dubai, Aberdeen and Malaysia to recognise our esteemed fellowship and thank them for their work in

promoting the Institute. We undertook a review of the **IMarEST website** and made continuous improvements to key areas of the site including updating the membership, registration, Nexus and SIG pages and creating new areas for Student Sections, IMarEST Reports and Thought Leadership. Further to the approval from the Privy Council for a Supplemental Charter, we developed and launched two **additional specialisms for our Chartered Marine Scientist register**. This allows hydrographers and oceanographers to use “descriptors” to indicate their specialisms by using the letters **“CMarSci(Hydrography)”** or **“CMarSci(Oceanography)”** after their name. We partnered with a world-renowned book publisher, Witherby Publishing Group, to deliver an **expanded book portfolio** and a new partnership was formed with Think Publishing to re-launch and **improve our member magazine, Marine Professional**.

We introduced **BranchLine**, a communication to provide our branch committees with important guidance to help them run their branch. New paperwork and guidance was created for FY2020 for the executive staff’s **Personal Development and Review** process and is designed to drive performance and staff engagement.

Furthermore the partnership with BAU Global and MLA College provided the IMarEST the opportunity to divest its controlling shares in the learning subsidiary to enable further growth both for the MLA College and for the IMarEST to **focus on** its core **membership** function.

What we will do in 2020

Supporting Strategic Goal 1: To Promote Professionalism and Technical Leadership

- I. Promote and grow our professional registration offer including accreditation and competency models for specialist postnominal descriptors.
- II. Ensure content we create is widely distributed and where appropriate made fully open access.
- III. Run a series of high quality events and workshops to lead on key technical issues.
- IV. Develop partnerships with governments and industry to promote professional development of their staff.
- V. Deliver quality impartial advice to governments as part of the intergovernmental decision making process.

Supporting Strategic Goal 2: To Support the Development and Sustainability of the Marine Sector

- I. Raise awareness of the sector, the challenges and the opportunities to attract, develop and retain the marine workforce.
- II. Inspire, support and develop the next generation of marine professional through a programme of relevant activity and encourage enrolment of the Graduate Pathway and develop CPD pathways for cadets and apprentices.
- III. Deliver a programme of activity to support growth of membership and registration which aims to improve diversity of the disciplines.
- IV. Support capacity development with particular focus on supporting small island developing states to develop ocean sustainability initiatives
- V. Deliver against our voluntary commitments to support the implementation of UN Sustainable Development Goal 14.

Supporting Strategic Goal 3: To be a High-Performing Organisation Delivering Strong Value

- I. Deliver financial targets and key performance measures as agreed by the Board of Trustees.
- II. Engage and recognise our volunteer community to ensure their continued support of the Institute
- III. Review internal processes to drive continuous improvement of membership, registration and accreditation application processes.
- IV. Deliver a new brand identity to support growth of products across all disciplines and regions.
- V. Introduce processes for engaging and developing staff.

Financial review

The table below provides a high-level breakdown of income as shown in the consolidated statement of financial activities and notes to the financial statements.

	2019	2019	2018	2018
	£	%	£	%
Income from charitable activities	2,680,365	84.0	2,953,376	84.7
Investment income	491,551	15.3	466,025	13.3
Net income from Associates Investments	2,740	0.1	67,000	1.9
Donations and legacies	21,573	0.6	2,260	0.1
	<u>3,196,229</u>	<u>100</u>	<u>3,488,661</u>	<u>100</u>

The total income this year of £3,196k is £293k lower than last year (2018: £3,489k). Membership services income (member subscriptions and registration fees) decreased from £1,855k to £1,815k. Income received from our marine membership and partnerships decreased from £239K to £166k.

Charitable activities accounted for 100% of expenditure incurred (2018: 100%). The total expenditure of £3,335k is £399k lower than last year. Marketing and Communications decreased by £92k to £265k (2018: £357k) as we put greater effort into improving channels and information content for the membership. As we continue to seek efficiencies the overhead support expenditure (ICT, HR, Premises, and Finance) of £1,210k was £38k lower than the previous year (2018: £1,248k). Governance related expenditure decreased by £64k (2018: £197K) to £133k, and expenditure on Awards was £42k which was £3k lower than the previous year (2018: £45k).

Membership services related expenditure covers the cost of front line services to members including provision of information, admissions and transfers, professional reviews, awards and professional learning and development and spending in this area was increased by £45k to £617k (2018: £572k), Learning Activities expenditure £362k (2018: £536k) which covers expenditure on the provision of educational and training courses decreased by £174k as following the sale of 60% of our shareholding only a part-year of costs were consolidated into the group accounts.

The IMarEST's overall financial position shows a positive net movement in funds as follows:

	2019 £	2018 £
Net income/(expenditure) before other recognised gains and losses	810,826	(43,781)
Actuarial (losses) gains on defined benefit pension scheme	(573,000)	678,000
Foreign exchange (loss) gains on translation	(1,910)	69
	235,916	634,288

A valuation of the IMarEST Retirement Benefits Scheme (RBS) has been carried out under FRS 102 at 30 September 2019 using the assumptions set out in note 16 and this is included in these accounts. The Defined Benefit Pension Scheme liability is £2,078k, an increase of £370k (2018: £1,708k).

Net income before gains and losses on investments was a deficit of (£139k) (2018: deficit of (£245k) and when investment gains and losses and gains on disposal of 60% share of MLA are taken into account the net income was £811k (2018 net expenditure of £44k).

The Group balance sheet shows an improvement of £236k as follows:

	2019 £	2018 £
Total net assets before pension scheme liability	14,638,889	14,032,973
Defined benefit pension scheme liability	(2,078,000)	(1,708,000)
	12,560,889	12,324,973

Charitable application

The table below provides a high-level breakdown of the application of funds to our charitable purposes as shown in the notes to the financial statements.

	2019	2019	2018	2018
	£	%	£	%
Advancement of MEST	2,501,748	75.1	2,617,820	70.0
Ethical Professionalism	265,426	7.9	547,596	14.7
Educational Excellence	434,880	13.0	549,858	14.8
Environmental sustainability	64,644	1.9	8,161	0.2
Improved Safety	68,693	2.1	10,656	0.3
Totals	3,335,391	100	3,734,381	100

Cash and investment policy

The Institute's Royal Charter gives the Institute the power 'to invest the monies of the Institute not immediately required in or upon such investments or other property or other assets as the Trustees may think fit.' The Board of Trustees delegates day to day management of its investment portfolio to its investment managers and they act on a discretionary basis in accordance with the Statement of Investment Policy and Principle (SIPP) and benchmarks agreed with the Board of Trustee.

The investment portfolio is managed by Sarasin and Partners LLP (Sarasin) and is following a strategy of predictable income using a selection of funds managed by them. The SIPP and benchmarks are reviewed annually and adjusted as deemed necessary by the Board of Trustees. In the determination of benchmarks and the review of performance against these benchmarks the Trustees receive advice from an independent Investment Adviser. The performance against benchmark for the funds comprising the investment portfolio is given in the following table:

	Benchmark	Portfolio
Sarasin Income and Reserves Fund Class A Inc	6.3%	7.8%
Sarasin Endowments Fund Class A Inc	10.4%	9.3%

The Board of Trustees keeps under review the adequacy of the Treasury to fund immediate cash flow requirements, short term capital projects and risk mitigation without jeopardising the invested reserves.

Total Return Accounting

On 18 September 2018 the Committee of Management of the Memorial Fund (a Permanent Endowment Fund) agreed to adopt a total return investment approach under section 105 of the Charities Act 2011 for the Memorial Fund and that its core value should remain set at £3,044,472 as shown on the Memorial Fund balance sheet for the year ending 30 September 2011. They further agreed that responsibility for the implementation and oversight of adopting a total return basis should be delegated to the Institute's Finance & Investment Committee.

Reserves policy

One of the Board of Trustees key objectives is to achieve financial sustainability; the key risk to the Institute. This requires the operating deficit to be progressively reduced to the point at which it is covered by an investment income. The Board of Trustees believes that it is essential for the Institute to follow this strategy in the best interests of continued delivery of Institute activities carried out for the public benefit in accordance with its charitable purposes, whilst following Charity Commission guidance that requires that free reserves be applied towards charitable purposes within a reasonable time of their receipt.

The IMarEST requires reserves for the following purposes:

- I. In order to preserve the medium and long-term interests of the charity.
- II. As a source of income to fund the IMarEST's charitable purposes and Retirement Benefit Scheme (RBS) Recovery Plan.
- III. As a contingency fund against recovery from maturing risks.
- IV. To meet the mid-term capital requirements of the Institute.

The reserves policy is to maintain the Institute, Memorial and Awards & Scholarship Funds at the required level in order to provide income to support delivery of the Charitable Purposes and RBS Recovery Plan without eroding capital value. Once financial sustainability is achieved, the target value of the free reserves will be in the range £12-13M.

At 30 September 2019 the value of IMarEST free reserves as shown on the balance sheet is £9,723,518 and at 30 September 2018: £9,335,914.

Pay policy for senior staff

The executive team of the Group direct and control the operation of the Group on a day to day basis. The remuneration of the entire executive team is reviewed and approved annually by the IMarEST Remuneration Committee. This Committee is chaired by the Vice Chair of the Board of Trustees. The Committee ensures arrangements are affordable and fair, and are designed to motivate and reward performance in the interest of the Group. Remuneration is benchmarked periodically using external surveys and data which includes both commercial and not-for-profit organisations.

Risk management

Risk management is embedded within the operations of the Group. Risk registers are regularly maintained by the executive, and reviewed by the trustees. Risk is grouped into 5 categories and the greatest risks in each of these is as follows:

Category	Risk
Operational	Failure to effectively integrate the companies of the Group leading to a failure of joint working to maximise the combined proposition & geographical opportunities.
Operational	Poor governance could undermine the protection of operating through subsidiary companies.
Reputational	The risk that a subsidiary company becomes financially unviable and is either sold or closed leading to adverse publicity at a national level, potentially litigation, a loss of confidence in the executive by the trustees, a loss of membership confidence and a loss of supplier and partner confidence.
Financial	Investment Fund Failure due to either the market or investment management. This could lead to a forced buyout of the RBS. IMarEST would at best lose flexibility to invest in alternate revenue sources and at worst might be financially unviable 'as is' and have to retrench to a smaller and less ambitious organisation.
Capability and capacity	The lack of depth of staff cover in key areas leading to potential loss of momentum, loss of corporate or system or sector knowledge.

Engagement	Failure to engage with students and early career professionals leading to poor membership recruitment and a worsening demographic profile.
Engagement	Decrease in number of members willing to proactively engage with Institute governance, sit on Committees and stand for office bearer positions.

Audit

Financial audit oversight is delegated to the Finance & Investment Committee. Operational and procedural audit matters are overseen directly by the Board.

Members

The role played by our members, who so generously volunteer their time and expertise to serve the IMarEST, cannot be overestimated. Their contribution is vital across a number of activities, including the Professional Review process by which individuals are assessed for qualification to membership, as accreditors, providing technical lectures, contributing to our publications, as representatives of the IMarEST, through their branches, through the SIGs (Special Interest Groups), our various Committees, the Council and the Board of Trustees. The IMarEST is very grateful for the contributions of members and recognizes that without their efforts there could be no IMarEST.

Related parties and connected organisations

As detailed in note 11 to the financial statements IMarEST has one fully owned subsidiary undertaking Marine Management (Holdings) Limited, a company registered (01100685) in England and Wales. Marine Management (Holdings) Ltd is the parent company of MAREST (S) PTE Limited and of Marine Exhibitions Limited. Marine Exhibitions Limited is currently not trading.

The IMarEST has a 40% share in Marine Learning Alliance Limited a higher education provider and a 30% share in Marine People Limited a marine specialist recruitment agency.

The table below gives details of the composition of the Board of Directors of the companies identified above as at 30 September 2019.

Company	IMarEST Trustees	IMarEST Executive	External	Chair
Marine Management (Holdings) Limited	3	2	–	Trustee
Marine Learning Alliance Limited	–	2	3	External
MAREST (S) PTE Limited	–	1	–	Executive
Marine Exhibitions Limited	–	2	–	Executive
Marine People Limited	–	1	2	External

The Institute has a close working relationship with the Guild of Benevolence of the IMarEST, which is a separate and independent charity. The Institute provides certain services to the Guild for which charges are made based on the costs incurred by the Institute. The Honorary Treasurer and Secretary of the Institute are ex-officio members of the Guild's Committee of Management but the Institute has no overall control of the charity.

The Institute has historically had a close relationship with the Memorial Fund, which was a separate charity whose exclusive objects were to repair and maintain the property of the Institute, to advance education in engineering, science, and technology in the marine environment, and to advance the general charitable purposes of the IMarEST. Although it remains legally constituted as a separate charity, since July 2012 the Memorial Fund has been linked to the main Institute charity for registration and accounting purposes and no longer has a separate charity registration number. The Trustees of the Institute at any given time also serve as the trustees of the Memorial Fund.

In pursuance of its charitable objectives, the Institute has a working relationship through the joint branch arrangements with the Royal Institution of Naval Architects.

Structure, governance and management

Board of Trustees

The overall governance and control of IMarEST is managed by a Board of Trustees (the Board) whose members are the charity trustees of IMarEST. The Board is composed of the five Officers of the Institute plus between 9 and 15 other Trustees, of which at least six must be Council Trustees and at least three Non-Council Trustees. Council Trustees are appointed by Council and Non-Council Trustees are appointed by the Board itself. The Chair of the Board is a Fellow of IMarEST and appointed by the Board

but need not be a member of either the Board or Council at the time of appointment. A Vice-Chair is selected by the Board from among its existing membership. The Board has three committees to focus on specific aspects of its work in detail: Nominations and Remuneration (both composed solely of Board members) and Finance & Investment, composed of Board members and, at the discretion of the Board, one or more individuals with specialist expertise who are not currently members of the Board. In addition, the Presidents' Advisory Committee, composed of past Institute presidents, is considered a Board committee.

Council

IMarEST Council manages the professional, learned society and technical affairs of IMarEST on behalf of the Board. Appointed Members of Council are appointed by Council to three-year terms on the recommendation of the Nominations Committee. Elected Members of Council are elected to three-year terms by the Voting Members in the relevant electoral division. Both Appointed Members and Elected Members are eligible to serve two consecutive terms of office and there are currently four electoral divisions: Americas, ANZSPAC (Australia and New Zealand), Asia Pacific and EMEA (Europe, Mid East and Africa). The Honorary Treasurer is elected annually by corporate members across all electoral divisions. The President of IMarEST serves as the Chair of Council as well as IMarEST's ambassador and is appointed to a one-year term by Council on the recommendation of the Presidents' Advisory Committee.

Council meets a minimum of twice each year but delegates the delivery of specific aspects of its work to its standing committees: Membership Committee, Professional Affairs and Education Committee (PAEC), Publications Supervisory Board (PSB) and Technical Leadership Board (TLB). Council held one face-to-face meeting and two times by teleconference during the year.

Approved by the trustees and signed on their behalf on _____ by:

Richard Vie
Chair of Board of Trustees

Martin Murphy
Honorary Treasurer

Statement of trustees' responsibilities

The trustees are responsible for preparing the trustees' report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the income and expenditure of the group and the charity for that period. In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group and charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, applicable Charity (Accounts and Reports) Regulations and the provisions of the charity's Royal Charter. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on

and signed on their behalf by:

Richard Vie

Martin Murphy

Chair of Board of Trustees

Honorary Treasurer

Independent auditor's report to the trustees of the IMarEST

Opinion

We have audited the financial statements of The Institute of Marine Engineering, Science and Technology ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 30 September 2019 which comprise the consolidated statement of financial activities, the consolidated and Parent Charity balance sheets, the consolidated cash flow statement 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 30 September 2019 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charity 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report and Accounts 2019, other than the financial statements and our auditor's report thereon.

Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Charities Act 2011 requires us to report to you if, in our opinion;

- the information given in the trustees' annual report is inconsistent in any material respect with the accounts.
- sufficient accounting records have not been kept by the Parent Charity; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charity 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 accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at 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 Charity's trustees, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Edward Finch (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities Year to 30 September 2019

	Notes	Endowment funds £	Restricted funds £	Unrestricted funds £	2019 Total funds £	2018 Total funds £
Income from:						
Donations and legacies	1	-	20,000	1,573	21,573	2,260
Charitable activities	2	-	-	2,680,365	2,680,365	2,953,376
Investment income	3	147,661	12,293	331,597	491,551	466,025
Income from associates	3	-	-	2,740	2,740	67,000
Total		147,661	32,293	3,016,275	3,196,229	3,488,661
Expenditure on:						
Charitable activities	4	-	17,169	3,318,222	3,335,391	3,734,381
Total		-	17,169	3,318,222	3,335,391	3,734,381
Net income (expenditure) before gains and losses on investments						
		147,661	15,124	(301,947)	(139,162)	(245,720)
Transfers between funds	17	(147,661)	-	147,661	-	-
Gains on listed investments	9a	195,501	7,687	320,819	524,007	201,939
Gains on partial disposal of subsidiary undertakings	9c	-	-	425,981	425,981	-
Net income (expenditure)		195,501	22,811	592,514	810,826	(43,781)
Other recognised gains (losses)						
Actuarial (losses) gains on defined benefit pension scheme		-	-	(573,000)	(573,000)	678,000
Foreign exchange gains (losses)		-	-	(1,910)	(1,910)	69
Net movement in funds		195,501	22,811	17,604	235,916	634,288
Reconciliation of funds						
Total funds brought forward at 1 October 2018		4,342,733	354,326	7,627,914	12,324,973	11,690,685
Total funds carried forward at 30 September 2019	17	4,538,234	377,137	7,645,518	12,560,889	12,324,973

With the exception of the disposal of Marine Learning Alliance Ltd, all income and expenditure was derived from continuing activities in the above two periods and there are no recognised gains or losses other than those stated above. Income and expenditure included above in relation to the discontinued operations of Marine Learning Alliance Ltd was as below:

Discontinued operations	Endowment funds £	Restricted funds £	Unrestricted funds £	2019 Total funds £
Income: Charitable activities	-	-	333,352	333,352
Expenditure: Charitable activities	-	-	362,450	362,450
Net (expenditure)	-	-	(29,098)	(29,098)

Balance sheets 30 September 2019

	Notes	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 (restated) £
Fixed assets					
Intangible fixed assets:					
Goodwill	7	91,800	192,000	-	-
Negative goodwill	7	(402,727)	-	-	-
Other intangibles	7	-	406,583	-	-
Tangible fixed assets	8	270,927	342,770	266,246	335,309
Investments	9	13,363,070	13,266,511	13,226,330	13,212,511
		<u>13,323,070</u>	<u>14,207,864</u>	<u>13,492,576</u>	<u>13,547,820</u>
Current assets					
Stock		12,831	52,054	12,831	52,054
Debtors	11	447,457	310,968	423,967	240,434
Cash at bank and in hand		176,685	497,346	168,245	444,724
		<u>636,973</u>	<u>860,368</u>	<u>605,043</u>	<u>737,212</u>
Creditors: amounts falling due within one year	13	843,294	1,035,259	816,033	861,889
Net current (liabilities)		<u>(206,321)</u>	<u>(174,891)</u>	<u>(210,990)</u>	<u>(124,677)</u>
Debtors: due more than one year	12	1,522,140	-	1,630,940	1,393,561
Total net assets before pension scheme liability		14,638,889	14,032,973	14,912,526	14,816,704
Defined pension scheme liability	16	(2,078,000)	(1,708,000)	(2,078,000)	(1,708,000)
Total net assets		<u>12,560,889</u>	<u>12,324,973</u>	<u>12,834,526</u>	<u>13,108,704</u>
Funds of the Group					
Permanent endowment funds		4,538,234	4,342,733	4,538,234	4,342,733
Restricted funds		377,137	354,326	377,136	354,326
Unrestricted funds					
Designated funds		274,750	346,863	346,863	346,863
General funds		9,448,768	8,989,051	9,650,293	9,772,782
Pension reserve		(2,078,000)	(1,708,000)	(2,078,000)	(1,708,000)
Total funds	17	<u>12,560,889</u>	<u>12,324,973</u>	<u>12,834,526</u>	<u>13,108,704</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

The financial statements on pages 29 to 61 were approved by the trustees on _____ and signed on their behalf by:

Richard Vie
Chair of Board of Trustees

Martin Murphy
Honorary Treasurer

Statement of cash flows Year to 30 September 2019

	2019	2018
	£	£
Cash flow from operating activities:	(1,318,250)	(856,972)
Cash flow from investing activities:	955,385	1,244,619
Changes in net debt during the year	(362,865)	387,647

	Group	Group
	2019	2018
	£	£

Cash flow from operating activities

Net movement in funds for the year before other recognised gains and losses

810,826 (43,781)

Adjustments for

Depreciation charges tangible assets

75,591 92,564

Amortisation charges intangible assets

16,200 84,191

Decrease (Increase) in stock

39,223 (39,995)

Decrease (Increase) in debtors due within one year

(136,489) 186,879

(Increase) decrease in debtors due in more than one year

(1,522,140) -

(Decrease) increase in creditors

(191,965) (229,866)

DB pension charge contributions net of interest expense

(203,000) (172,000)

Dividend and Investment income receivable

(491,551) (466,025)

Income from associates

(2740) (67,000)

Net change in assets on partial disposal of subsidiary

813,712 -

Gains on listed investments

(524,007) (202,008)

Foreign exchange (losses) gains

(1,910) 69

Net cash used in operating activities

(1,318,250) (856,972)

Cash flows from investing activities

	2019	2018
	£	£
Dividend received from investments	491,551	466,025
Purchase of property, plant and equipment	(4,150)	(18,323)
Purchase of intangible assets	-	(130,003)
Proceeds from sale of investments	492,837	1,051,346
Purchase of listed investments	(24,853)	(124,426)
Net cash provided by (used in) investing activities	955,385	1,244,619

Analysis of movement in net debt

	2019	2018
	£	£
Change in net debt in the reporting period	(362,865)	387,647
Net debt at 1 October	583,326	195,679
Net debt at 30 September	220,461	583,326

Analysis of net debt

	2019	2018
	£	£
Cash at bank and in hand	176,685	497,346
Cash held by investment managers	43,776	85,980
Total net debt	220,461	583,326

Statement of accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

Basis of preparation

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2015) issued in September 2015 and applicable Financial Reporting Standards in the United Kingdom (FRS 102) and the Charities Act 2011. The statements have been prepared under the historic cost convention, with the exception that investments, memorabilia and historic assets are included at market value.

The charity constitutes a public benefit entity as defined by FRS 102. The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Basis of consolidation

The accounts consolidate those of the Charity and its wholly owned non-charitable trading subsidiaries: Marine Management (Holdings) Limited, MAREST (S) Pte Limited and Marine Learning Alliance Ltd and Marine Exhibitions Ltd. Marine Exhibitions Ltd did not trade during the year. On 30 June 2019, 60% of Marine Learning Alliance Ltd was sold. Marine Learning Alliance Ltd has been treated as an associate from this date. Intra-group transactions are eliminated in full.

As a result of a direction issued by the Charity Commission in July 2012, The Institute of Marine Engineering, Science and Technology Memorial Fund (the Memorial Fund) was linked with the funds of the Institute.

In the year ended 30 September 2006, the Stanley Gray Awards and The Institute of Marine Engineers Scholarship Fund merged with the Donald Maxwell Fund. Donald Maxwell Fund was linked, under a Charity Commission direction, with the funds of the Institute. The resulting linked charity is referred to as the Awards and Scholarship Fund. The Scholarship fund was enhanced by a generous injection of funds in respect of the John Blackburn Main Trust in 2007.

The Memorial Fund and The Awards and Scholarship Fund remain subject to their trusts and the terms under which they were given. The separate charity balance sheet and its related notes include these two funds.

Income

Income is recognised in the period in which the group and the charity has entitlement to income, the amount of the income can be measured reliably and it is probable that the income will be received.

Donations and legacies

Income from donations and legacies is included once the Charity is informed of an entitlement and that there is a probable assurance of receipt. Unless the legacies or donor specifies conditions of receipt, the income is included in the general fund.

Charitable activities

Subscriptions are recognised on an accruals basis. Receipts received in advance of the membership period are held as deferred income. Income from the learning arm is treated as earned once the cooling off period of 30 days has expired. Income is recognised using the stage of completion method and on-going tutorial support is considered to be immaterial. Income from residential courses are accounted for once the course has been completed. Income generated from consultancy is recognised over the life of the project. Income from technical journals subscriptions and events are recognised in the year it relates to, with payments in advance held as deferred income.

Investment income and interest

Income receivable on deposits and investments is recognised when received. Income from permanently endowed investments is calculated on a total return basis (see note 10).

Expenditure

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the subsidiary charity.

VAT – Recoverable and irrecoverable

The Institute is regarded as partially exempt under HM Revenue & Customs rules and, therefore is unable to reclaim all the Input VAT it incurs. Where irrecoverable VAT is encountered, it is charged against the category of resources expended for which it was incurred. Marine Learning Alliance has been registered separately at HMRC and are not partial exempt so are able to reclaim all input VAT. MAREST (S) Pte Limited is not required to register for Goods and Services Tax as income is under the required threshold.

Allocation of overheads

Where costs cannot be directly attributable to particular charitable activity, costs are allocated using the best engineering judgement. The allocation of overhead costs is analysed in note 4.

Governance costs

Governance costs have been analysed to show the cost of running the Charity, including strategic planning for its future development, legal advice for the Board of Trustees or Council. All the costs of complying with constitutional and statutory requirements, such as the costs of the Board of Trustees and Council meetings, and of preparing statutory accounts and satisfying public accountability, are allocated to charitable activity using best judgement.

Operating leases

Lease commitments are charged in the statement of financial activities on a straight-line basis over the lease term. Details of the lease commitments are shown in note 14

Pension costs

The Institute's staff pension scheme incorporates a final salary section and a stakeholder section. The assets of the scheme are held separately from those of the Institute in an independently administered fund. The final salary section of the scheme was closed to new members on 5 April 2002. At that date, the final salary section, which previously was a non-contributory scheme, became a contributory scheme with active members paying 7% of their gross salary.

The final salary section of the pension scheme is accounted for in accordance with FRS102 section 28 'Retirement Benefits'. The service cost of pension provision relating to the year, together with the cost of any benefits relating to past service if the benefits have vested, is charged to the statement of financial activities. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit to the Group's long term expected return on assets (based on the market value of the scheme assets at the start of the year), are also included in the statement of financial activities.

The difference between the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet. Any differences between the actual and expected return on assets during the year are recognised in the statement of financial activities along with the difference arising from experience or assumption changes.

Contributions to the stakeholder section of the pension scheme are charged to the statement of financial activities in the year in which they become payable.

More information about the pension scheme is provided in note 16 to the financial statements.

Intangible assets

Intangible assets comprise the following:

- ◆ Goodwill arising on the acquisition of a 30% interest in Marine People Limited.
- ◆ Goodwill relating to the e-learning modules acquired from Plymouth University.
- ◆ The production of further e-learning modules stated at cost.

Resources associated with the production of the education modules such as (staff cost) are capitalised and once completed they are amortised over estimated useful life. Amortisation is charged on a straight line basis and amortisation of new modules do not start until the course starts. The impairment of intangible assets is considered annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, and provision made when necessary.

Tangible assets

Leasehold property - Leasehold premises and associated acquisition costs are stated at cost. Depreciation is provided to write off the cost of the leasehold premises over the initial 5 year term of the lease.

Other tangible fixed assets - Assets with a value under £250 are not capitalised and all assets are assessed for signs of impairment at each Balance Sheet date.

Depreciation is provided to write off the cost, less estimated residual values, of other tangible fixed assets over their expected useful lives. Fixtures, fittings and equipment are depreciated on a straight-line basis each year at rates between 20% and 33%.

No depreciation is provided on the memorabilia and historic assets. Revaluation of these assets will be considered each year and a new valuation be obtained if the cost of such new valuation is warranted given the expected change in value of the assets and the value thus calculated is used as the current market value of the items. Any increase or decrease in the value of the assets from one year to the next is treated as an unrealised gain or loss. Many of the items are irreplaceable; nevertheless the professional valuation that is carried out is reliable and accurate.

Investments

Investments in listed stocks and shares are stated at market value at the balance sheet date. Realised and unrealised gains on investments during the year are taken to the fund in which the investments are held. Any increase or decrease in the value of the assets from one year to the next is treated as an unrealised gain or loss.

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and either the opening market value or the purchase cost if investments are purchased in the year. Unrealised gains and losses are calculated as the difference between the market value at the year-end and either the opening market value or the purchase cost if

investments are purchased in the year. Realised and unrealised gains are not separated in the statement of financial activities.

At 30 September 2019, the Group had a 30% shareholding in Marine People Limited and a 40% share in Marine Learning Alliance Ltd. In accordance with FRS 102, these associates have been accounted for using the equity method.

Taxation

The Institute of Marine Engineers, Science and Technology is a registered Charity and accordingly is exempt from taxation on its charitable activities.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to income and expenditure in the statement of financial activities.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to other recognised gains and losses in the statement of financial activities.

Funds

Where income is received, which is subject to donor-imposed restrictions on its future use it is credited to restricted funds in the statement of financial activities. Expenditure of the resources for the specified purpose is charged to the restricted fund, and any balances of unexpended income are carried forward as restricted funds on the Balance Sheet. Where funds received are to be retained as permanent endowment, these are identified separately as endowment funds.

Where the Board of Trustees identifies a need to allocate funds for specific purposes, these funds are shown as designated funds in the balance sheet. Such funds are unrestricted as their designation is at the discretion of the Board of Trustees. All funds other than restricted funds and designated funds are regarded as free reserves and are called other unrestricted funds. Where funds previously designated are no longer required, they are transferred to other unrestricted funds.

Debtors, cash and creditors

Debtors – trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are value at the amount prepaid net of any trade discounts due. Amounts due to the charity from trading subsidiaries are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Cash at bank and in hand – Cash at bank and cash 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.

Creditors and provisions – Creditors and provisions are recognised where there is a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Accounting estimates and judgements

In preparing the accounts, the trustees are required to make estimates and judgements. The matters detailed below are considered to be the most important in understanding the judgements that are involved in preparing the accounts, and the uncertainties that could impact the amounts reported.

Income recognition – a significant portion of the Group’s income is earned over a period of time following invoice. This includes membership subscriptions, registration fees for qualifications, annual centre fees, and fees for educational and training courses. Income is allocated to each accounting period in accordance with accounting policy. The setting of the recognition methods and periods is an area where judgement is applied, and this is undertaken by reference to product definitions, and individual sales contracts.

Income and cost allocation to charitable purpose – the allocation of income and costs to charitable purposes is an area where judgement is applied and this is undertaken by reference to knowledge of the activities undertaken and to historic data trend.

Actuarial assumptions in respect of defined benefits pension scheme – the application of actuarial assumptions relating to the Institute’s defined benefits pension scheme is incorporated in the accounts in accordance with FRS 102. In setting the assumptions, advice is taken from independent qualified actuaries. These assumptions require significant judgement to be exercised with regard to such areas as future changes in salary and inflation, mortality rates and long-term discount rates.

Overseas bank accounts – there are cash balances in some overseas bank accounts that are difficult to assess. The sum total of these balances at the end of the year was £65K and in 2017 a provision was made for £34k on the basis that some, if not all, of these balances would be recovered in due course The provision was reviewed in the year and remains in place.

Provision for Loans to MLA – The IMarEST has provided financial assistance to Marine learning Alliance limited (MLA) in the form of loans and there is a £187,000 provision in the accounts against the risk that these loans are not repaid. As a condition of the sale of 60% of MLA the purchaser has made guarantees of repayment of £800,000 of the loan. The sale was completed two months prior to year-end and thus it was judged prudent to leave the provision in place until the new partnership has bedded in. It is anticipated that this provision will be removed in the coming financial year.

Notes to the Financial Statements

1 Donations and legacies

	2019	2018
	Total	Total
	funds	funds
	£	£
Donations-unrestricted	1,573	2,260
Donations-restricted	20,000	–
	<u>21,573</u>	<u>2,260</u>

2 Income from charitable activities

Group	Advancement of	Ethical	Education	Environmental	Improved	2019
	MEST	professionalism	excellence	sustainability	safety	Total
	£	£	£	£	£	£
Membership services	1,361,903	453,967	–	–	–	1,815,870
Tech Pubs & Exhib	92,002	–	–	1,897	948	94,847
Confs & lectures	20,467	2,766	–	1,936	2,489	27,658
Marine Partners & members fees	102,023	4,361	59,507	–	–	165,891
Accreditation	91,796	–	–	–	–	91,796
Technical & Library	57,472	–	–	–	–	57,472
Support services	32,763	–	–	–	–	32,763
Institute functions	60,716	–	–	–	–	60,716
Learning activities	–	–	333,352	–	–	333,352
Total	<u>1,819,142</u>	<u>461,094</u>	<u>392,859</u>	<u>3,833</u>	<u>3,437</u>	<u>2,680,365</u>

Group	Advancement Of MEST £	Ethical professionalism £	Education excellence £	Environmental sustainability £	Improved safety £	2018 Total £
Membership services	1,391,365	463,788	-	-	-	1,855,153
Tech Pubs & Exhib	90,821	-	-	2,601	2,599	96,021
Confs & lectures	73,847	7,747	-	4,993	7,140	93,727
Marine Partners & members fees	205,451	16,997	16,997	-	-	239,445
Accreditation	34,245	-	-	-	-	34,245
Technical & Library	62,577	-	-	-	-	62,577
Support services	31,188	-	-	-	-	31,188
Institute functions	70,142	-	-	-	-	70,142
Learning activities	-	-	470,878	-	-	470,878
Total	1,959,636	488,532	487,875	7,594	9,739	2,953,376

3 Investment income

Group	2019				2018			
	Endowment Funds £	Restricted funds £	Unrestricted funds £	Total funds £	Endowment Funds £	Restricted funds £	Unrestricted funds £	Total funds £
Listed investments	147,661	12,293	330,381	490,335	154,349	6,857	303,896	465,102
Interest income	-	-	1,216	1,216	-	-	923	923
	147,661	12,293	331,597	491,551	154,349	6,857	304,819	466,025
Income from associates	-	-	2,740	2,740	-	-	67,000	67,000

4 Expenditure on charitable activities

Group	Advancement of MEST £	Ethical professionalism £	Education excellence £	Environmental sustainability £	Improved safety £	2019 Total £
Membership services	517,629	74,184	-	10,401	14,450	616,664
Tech Pubs & Exhib	109,580	-	-	-	-	109,580
Confs & lectures	132,368	-	-	-	-	132,368
Marine Partners & members fees	289,313	13,366	329	6,518	6,518	316,044
Accreditation	29,927	-	-	-	-	29,927
Technical & Library	133,104	27,262	-	-	-	160,366
Learning activities			362,450			362,450
Governance Allocation	106,227	13,278	5,311	3,984	3,984	132,784
Marketing Allocation	211,880	26,485	10,594	7,946	7,946	264,851
Overhead Allocation	971,720	119,319	47,728	35,795	35,795	1,210,357
Group Total 2019	2,501,748	273,894	426,412	64,644	68,693	3,335,391

Group	Advancement of MEST £	Ethical professionalism £	Education excellence £	Environmental sustainability £	Improved safety £	2018 Total £
Membership services	493,379	67,364	-	4,575	6,920	572,238
Tech Pubs & Exhib	103,946	-	-	-	-	103,946
Confs & lectures	145,205	-	-	-	-	145,205
Marine Partners & members fees	63,332	19,173	-	-	-	82,505
Accreditation	26,169	-	-	-	-	26,169
Technical & Library	386,587	78,738	-	-	-	465,325
Learning activities			536,332			536,332
Governance Alloc	153,513	41,636	1,472	391	440	197,452
Overhead Allocation	968,190	265,422	9,383	2,490	2,802	1,248,287
Marketing Allocation	277,499	75,263	2,661	704	795	356,922
Group Total 2018	2,617,820	547,596	549,848	8,160	10,957	3,734,381

Support cost allocations - Overhead and marketing costs are allocated to the group's charitable activities on the basis of our best judgement.

5 Staff costs

Group	2019	2018
	£	£
Wages and salaries	1,379,319	1,560,982
Social security costs	143,260	161,626
Ordinary pension costs	150,451	163,427
Pension deficit recovery plan payments	250,000	240,000
	1,923,030	2,126,035

The average number of employees during the year was as follows:

	2019	2018
	No.	No.
Advancement of MEST	20	20
Ethical Professionalism	2	3
Education Excellence	4	7
Environmental sustainability	1	1
Improve safety	1	1
Total	28	32

Staff number allocation is based on estimated time spent on activities in the year on each charitable activity.

Analysis of the number of staff whose emoluments, excluding employer's pension contribution and employer's NI fell within the salary bands as shown in the table below.

	2019	2018
	No.	No.
£60,000 - £70,000	1	2
£70,001 - £80,000	1	-
£80,001 - £90,000	-	-
£90,001 - £100,000	1	2
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
£170,001 - £180,000	-	1
£190,001 - £200,000	1	-

Pension payments in respect of the defined contribution scheme for the five employees totalled £75,816 for the year (2018: £82,000 for six employees).

During 2019 there were two redundancies at a cost of £18,333, key personnel remain unchanged. In 2018 there was one redundancy at a cost of £2,000.

Key management personnel

Key management personnel comprise the members of the board of trustees, the Chief Executive and the Chief Operating Officer. The total remuneration of key management personnel (including employer's NI, employer's pension contributions and benefits in kind) was £411K (2018: £383k). No trustees were remunerated for their role as a trustee.

Trustee expenses

Expenses were reimbursed to the trustees when they were claimed in accordance with the appropriate rules governing the payment of expenses. During the year under review 10 trustees claimed expenses that amounted to £20,538 (2018: 10 trustees claimed £26,000) covering travel, subsistence and hotel expenses.

During the year The IMarEST did not receive any donations from trustees (2018: none).

6 Related party transactions

Related party transactions between the Charity and other companies within the group were as follows:

- Marine Learning Alliance Ltd – The Institute gave financial support to MLA in a form of short term cash advances. The support was withdrawn after the disposal of 60% shares in MLA on 30 June 2019
- MAREST (S) Pte – Shared service support charges £ 171,682 (2018 - £132,388)
- Chudley Associates Limited – During the prior year Chudley Associates Limited received £4K for specialist services while Prof. John Chudley owner of Chudley Associates was still a trustee of the Institute.

7 Intangible fixed assets

Group	Development		Total funds
	Total Goodwill	of learning modules	
	£	£	£
Cost			
At 1 October 2018	304,000	525,997	829,997
Additions	(402,727)	-	(402,727)
Disposals	(196,000)	(525,997)	(721,997)
At 30 September 2019	(294,727)	-	(294,727)
Amortisation			
At 1 October 2018	112,000	119,414	231,414
Amortisation for the year	16,200	-	16,200
Disposals	(112,000)	(119,414)	(231,414)
At 30 September 2019	16,200	-	16,200
Net book value			
At 30 September 2019	(310,927)	-	(310,927)
At 1 October 2018	192,000	406,583	598,583

During the year the Institute sold 60 % of its controlling interest in MLA to BAU Global Ltd and the disposal above relate to goodwill associated with the original trade acquisition from the University of Plymouth and other Intangible assets held by MLA. At 30 September 2019, the goodwill on retention of the 40% share in MLA was negative £402,727

Goodwill associated with the investment in Marine People Limited in the year had a carrying value of £91,800 (2018: 108,000).

The Charity does not have any intangible assets.

8 Tangible fixed assets

Group	Leasehold acquisition costs £	Furniture Fixtures and fittings £	Business systems and equipment £	Memorabilia and historic assets £	Total funds £
Cost/valuation					
At 1 October 2018	9,250	376,455	842,015	86,580	1,314,300
Additions	-	-	4,150	-	4,150
Disposal	-	(12,607)	(45,523)	-	(58,130)
At 30 September 2019	9,250	363,848	800,642	86,580	1,260,320
Depreciation					
At 1 October 2018	3,604	175,488	792,438	-	971,530
Charge in year	1,321	49,161	25,109	-	75,591
Disposal	(190)	(8,806)	(48,732)	-	(57,728)
At 31 September 2019	4,735	215,843	768,815	-	989,393
Net book value					
At 30 September 2019	4,515	148,005	31,827	86,580	270,927
At 1 October 2018	5,646	200,967	49,577	86,580	342,770

Charity	Leasehold acquisition costs £	Furniture fixtures and fittings £	Business systems and equipment £	Memorabilia and historic assets £	Total funds £
Cost/valuation					
At 1 October 2018	9,251	363,848	789,432	86,580	1,249,111
Additions			4,150		4,150
At 30 September 2019	9,251	363,848	793,582	86,580	1,253,261
Depreciation					
At 1 October 2018	3,414	166,682	743,706	-	913,802
Charge in year	1,321	49,161	22,731	-	73,213
At 31 September 2019	4,735	215,843	766,437	-	987,015
Net book value					
At 30 September 2019	4,516	148,005	27,145	86,580	266,246
At 1 October 2018	5,837	197,166	45,726	86,580	335,309

Other than memorabilia and historic assets, all tangible fixed assets are held at cost. No revaluation was completed during the year for the memorabilia and historic assets as it is considered the cost of a new valuation to be greater than the change in valuation of the assets. The last valuation was completed in 2013 by valuers Anderson & Garland.

9 Investments

	Note	Group		Charity	
		2019	2018	2019	2018 (restated)
		£	£	£	£
Listed investments	a	13,175,180	13,161,361	13,175,180	13,161,361
Investments in associates	b	166,740	84,000	-	-
Subsidiary undertakings	c	-	-	30,000	30,000
Works of art	d	21,150	21,150	21,150	21,150
		<u>13,363,070</u>	<u>13,266,511</u>	<u>13,226,330</u>	<u>13,212,511</u>

a) Listed investments

Group and charity	2019	2018
	Total	Total (restated)
	£	£
Market value at 1 October 2018	13,075,381	13,799,943
Additions at cost	24,853	124,426
Less disposals at carrying value	(492,837)	(1,051,346)
Net unrealised investment gains	524,007	202,358
Market value at 30 September 2019	<u>13,131,404</u>	<u>13,075,381</u>
Cash held with investment managers	43,776	85,980
Total listed investments	<u>13,175,180</u>	<u>13,161,361</u>
Historical cost of investments (excluding cash) at 30 September 2019	<u>12,495,418</u>	<u>12,961,260</u>

b) Investments in associates

Group	Marine	Marine	Total
	People	Learning	
	Limited	Alliance	funds
	£	£	£
At 1 October 2018	84,000	-	84,000
Additions at cost	-	80,000	80,000
Net Income from Associates	2,740	-	2,740
Adjustments to carrying value	-	-	-
At 30 September 2019	86,740	80,000	166,740

	% of capital held	Net assets	Net income
		(liabilities) at 30 September 2019	(expenditure) for the year ended 30 September 2019
		£	£
Marine People Limited	30%	287,763	102,469
Marine Learning Alliance	40%	(989,673)	(182,855)

Marine People Limited

The IMarEST has invested £125k for a 30% share in Marine People Limited, a company registered (10632568) in England and Wales. Marine People is a marine specialist permanent recruitment agency. Based in the UK, placing technical and support internationally based candidates internationally. Focusing on key strategic maritime locations of North America (especially Canada), Australia and the Middle East as a primary focus, and a secondary of placing specialist candidates in to worldwide ship build, ship repair and shipping organisations. During the financial year ending 30 September 2019, the Institute received £40k of investment income (dividends) from Marine People and this is included in the Group statement of financial activities.

c) Subsidiary undertakings

Charity	Shares in subsidiary companies
	£
At 1 October 2018 (restated)	30,000
At 30 September 2019	30,000

Marine Management (Holdings) Limited

Marine Management (Holdings) Ltd, a company registered (Company registration 01100685) in England and Wales is the parent company of Marine Learning Alliance Ltd until 30 June 2019, MAREST (S) PTE Ltd and Marine Exhibitions Ltd. The IMarEST is the ultimate parent company, owning the entire share capital of Marine Management (Holdings) Ltd. This company itself did not trade during the year, the board maintains its duties as the parent to Marine Learning Alliance Ltd, MAREST (S) PTE Ltd and Marine Exhibitions Ltd and its expenditure consists of minor administration/filing charges.

Marine Learning Alliance Ltd

Marine Learning Alliance Ltd was incorporated on 28 August 2014 (Company registration 09188277). Until 30 June 2019 it was a 100% owned subsidiary of Marine Management (Holdings) Limited. On 30 June 2019 60% of the shares were sold, with Marine Management (Holdings) Limited retaining a 40% interest in the company.

The principal activities of Marine Learning Alliance Ltd are the provision of marine related e-learning education and training courses.

The results below have been consolidated into the IMarEST group accounts on line by line basis

At the date of sale, the net liabilities of the Marine Learning Alliance Ltd were £807k. The 60% stake in the share capital of the Marine Learning Alliance Ltd was sold giving rise to a gain on disposal of £426k as shown in the consolidated statement of financial activities.

The remaining share in the Marine Learning Alliance Ltd has been treated as an associate, as per note 9b above from 30 June 2019

Marine Learning Alliance Ltd (continued)

	Period to 30 June 2019 £	Year to 30 September 2018 £
Total income	333,352	470,878
Cost of sales	179,398	303,963
Gross profit	153,954	166,915
Administrative expenses	183,052	232,369
Operating loss	(29,098)	(65,454)
Interest payable	-	-
(Loss) on ordinary activities before tax	(29,098)	(65,454)
Taxation	-	-
(Loss) after tax	(29,098)	(65,454)
Retained (Losses) profit for the year	(29,098)	(65,454)

At 30 June 2019 Marine Learning Alliance Ltd had retained losses of £29,098 and 30 September 2018 retained losses £65,454. The results and the balance sheet figures have been consolidated on a line by line basis within the accounts of IMarEST.

MAREST (S) PTE Limited

MAREST (S) PTE Limited, incorporated on 13 August 2012, is registered in Singapore (201220044C) and is a 100% subsidiary of Marine Management (Holdings) Ltd. The IMarEST owns the entire share capital of Marine Management (Holdings) Limited, a company registered in England and Wales. The principal activity of the company is support for the delivery of IMarEST's charitable purposes in the Asia Pacific region.

	2019 £	2018 £
Total income	281,158	334,091
Cost of sales	14,727	34,983
Other operating expenses	294,733	265,415
Profit before tax	(28,302)	33,693
Taxation	-	-
Profit after tax	(28,302)	33,693
Retained (losses) profit for the year	(28,302)	33,693

At 30 September 2019 Marest (S) PTE Limited had retained losses of £28,302 and 30 September 2018 retained profit of £33,693. The result of the balance sheet figures have been consolidated on a line by line basis within the accounts of IMarEST.

Marine Exhibitions Limited

Marine Exhibitions Ltd was incorporated on 25 September 2014 (Company registration 09235513). It is a 100% owned subsidiary of Marine Management (Holdings) Limited, of which the IMarEST owns the entire share capital. The principal activities of the company are those relating to the delivery of conferences, exhibitions and symposia. The company did not trade during the financial year.

10 Statement of total returns

	Endowment	Unapplied total return	Total funds 2019	Total funds 2018
	£	£	£	£
Group and charity				
30 September 2018				
Permanent endowment	3,044,472	–	3,044,472	3,044,472
Unapplied total return	–	1,298,261	1,298,261	1,591,946
	<u>3,044,472</u>	<u>1,298,261</u>	<u>4,342,733</u>	<u>4,636,418</u>
Movements in the reporting period				
Investment return: dividends and interest	–	147,661	147,661	154,349
Investment return: realised and unrealised gains	–	195,501	195,501	(42,685)
	–	<u>343,162</u>	<u>343,162</u>	<u>111,664</u>
Unapplied total return allocated to income in the reporting period	–	(147,661)	(147,661)	(405,349)
Net movements in reporting period	–	195,501	195,501	(293,685)
30 September 2018				
Permanent endowment	3,044,472	–	3,044,472	3,044,472
Unapplied total return	–	1,493,762	1,493,762	1,298,261
	<u>3,044,472</u>	<u>1,493,762</u>	<u>4,538,234</u>	<u>4,342,733</u>

The total return allocated to income in the period was transferred to the general funds of the Institute.

11 Debtors due within one year:

	The Group		The Charity	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	134,243	142,290	121,778	71,756
Other debtors	60,185	6,261	50,898	6,261
Prepayments	222,782	135,953	216,560	135,953
Accrued income	30,247	26,464	26,836	26,464
	447,457	310,968	416,072	240,434

12 Debtors due in more than one year:

	The Group		The Charity	
	2019	2018	2019	2018
	£	£	£	£
Amount due from subsidiary undertakings and associates	1,522,140	–	1,630,940	1,393,561
	1,522,140	–	1,630,940	1,393,561

13 Creditors: amounts falling due within one year

	The Group		The Charity	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	116,477	70,385	115,991	94,076
Other creditors	220,448	175,030	203,486	156,355
Tax and National Insurance	43,791	43,545	43,791	35,262
Accruals	168,681	199,799	159,237	193,486
Member's subscriptions in advance	200,000	349,871	200,000	349,000
Other deferred income	93,897	196,629	93,528	32,839
	843,294	1,035,259	816,033	861,018
Deferred income movement				
Balance at 1 October	546,500	423,700	381,839	269,535
Amount released in the year	(546,500)	(423,700)	(381,389)	(269,535)
Amount deferred in the year	293,528	546,500	293,528	381,839
Balance at 30 September	293,528	546,500	293,528	381,839

14 Operating lease commitments

	Group 2019		Group 2018	
	Other £	Property £	Other £	Property £
Within one year	2,951	172,969	14,214	199,090
Between one and two years	3,622	224,841	11,033	248,532
Between two and five years	-	-	1,148	146,050
	6,573	397,810	26,395	593,672

Total contracted commitments for the group are £404k (2018: £620k) and the charity £360k (2018: £543k), these commitments have not been provided for. The Charity has a 7 year lease agreement for office space at 1 Birdcage Walk, London, SW1H 9JJ which runs until 2022. The Annual commitment of the lease is £116,840 per annum inclusive of service charge.

15 Auditors' remuneration

	2019 £	2018 £
Audit services	20,000	65,923
	20,000	65,923

16 Pension schemes

The defined contribution pension scheme was introduced on 5 April 2002 for the benefit of all staff.

Defined benefit pension scheme

Benefits under the IMarEST Retirement Benefits Scheme (RBS) are based on employees' final remuneration and length of service. The RBS was closed to new entrants and to future service accrual on 5 April 2002. All of the assets of the scheme are held separately from those of the Institute in independently administered funds. The pension expense charged to the statement of financial activities makes no allowance for actuarial gains and losses during the year.

In preparing these financial statements, the Institute has fully complied with the Financial Reporting Standard 102: "Retirement Benefits" issued by the Accounting Standards Board.

The courts have recently ruled that benefits arising in respect of guaranteed minimum pensions of the Lloyds Banking Group should be equalised. The Trustees cannot yet quantify what impact, if any, this will have on liabilities within the IMarEST defined benefit pension scheme.

The RBS is in deficit and a recovery plan agreed with the Trustees of the RBS has been in place since January 2013. The recovery plan is reviewed annually.

The Institute's contributions to the pension scheme made during the year amounted to £250,000 (2018: £240,000) relating to payment under the recovery plan. In addition, administrative and other expenses of the scheme and the Pension Protection Fund levy are paid separately by the Institute.

The actuary has computed the following information about the financial position of the scheme as at 30 September 2019:

Group and Charity	2019 £'000	2018 £'000
Fair value of scheme assets	13,222	11,680
Defined benefit obligation	(15,300)	(13,388)
Net defined benefit (liabilities) assets	(2,078)	(1,708)
Restriction on asset recognised at year end	—	—
Net amount recognised at year end	(2,078)	(1,708)

The amounts recognised in comprehensive income are:

The current and past service cost, settlements and curtailments, together with the net interest expense for the new financial year are included in profit or loss. Re-measurement of the net defined benefit liability is included in other comprehensive income.

Service costs

	2019	2018
	£'000	£'000
Net interest expense (credit)	47	68
Charge (credit) recognised profit or loss	47	68

Re-measurement of net liability

	2019	2018
	£'000	£'000
Return on scheme assets (excluding amount included in net interest expense)	(1,395)	(6)
Actuarial (gains) losses	1,968	(672)
Charge/(credit) recorded in other comprehensive income	573	(678)
Total defined benefit cost (credit)	620	(610)

The major categories of scheme assets are as follows:

	2019		2018	
	£'000	%	£'000	%
Return Seeking funds	9,569	72.4	9,235	79.1
Fixed Interest Gilts	2,025	15.3	1,623	13.9
Index Linked Gilts	993	7.5	772	6.6
Cash	634	4.8	50	0.4
	13,221	100	11,680	100

The scheme liabilities shown above have been calculated using the following assumptions as at the year-end:

	2019	2018
	%	%
Discount rate	2.07	3.01
Inflation assumption – Retail price inflation	3.03	3.20
Inflation assumption – Consumer price inflation	1.83	2.00
Revaluation of deferred pensions – Deferred revaluation	1.83	2.00
Increase for pension payment		
Benefits accrued prior to 1 October 1999	5.00	5.00
Benefits accrued after 1 October 1999	3.43	3.52
Benefits accrued after 1 October 2005	2.30	2.35
Proportion of members opting for early retirement	-	-
Proportion of members commuting maximum allowable pension for cash at retirement	85	85

Assuming retirement at age 65, life expectancy in years are as follows:

	2019	2018
Male currently aged 65	86.5	86.9
Female currently aged 65	88.4	88.9
Male currently aged 45	87.8	88.3
Female currently aged 45	90.0	90.4

Reconciliation of scheme assets and liabilities:

	Assets	Liabilities	2019
	£'000	£'000	Total
			£'000
At start of period 1 October 2018	11,680	(13,388)	(1,708)
Benefits paid	(452)	452	-
Contribution from the employer	250	-	250
Interest income (expense)	349	(396)	(47)
Return on assets (excluding amount included in net	-	-	-
Interest expense)	1,395	-	1,395
Actuarial gains (losses)	-	(1,968)	(1,968)
At end of period 30 September 2019	13,222	(15,300)	(2,078)

	Assets	Liabilities	2018
	£'000	£'000	Total
			£'000
At 1 October 2017	11,435	(13,993)	(2,558)
Benefits paid	(315)	315	-
Administration expenses	(1)	-	(1)
Contribution from the employer	240	-	240
Interest income (expense)	315	(382)	(67)
Return on assets (excluding amount included in net			
interest expense)	6	-	6
Actuarial gains (losses)	-	672	672
At 30 September 2018	11,680	(13,388)	(1,708)

	2019	2018
	£'000	£'000
Interest income	349	315
Return on plan assets (excluding amount included in net interest expense)	1,395	6
Total return on plan assets	1,744	321

17 Analysis of charitable funds

The Group	Unrestricted funds					2019 Total funds £
	Permanent	Restricted	Designated	General	Pension	
	endowment	funds				
	funds	funds				
£	£	£	£	£		
Analysis of fund movements						
Balance at 1 October 2018	4,342,733	354,326	346,863	8,989,051	(1,708,000)	12,324,973
Income	147,661	32,293	-	3,016,275	-	3,196,229
Expenditure	-	(17,169)	(75,591)	(3,445,631)	203,000	(3,335,391)
Transfers	(147,661)	-	3,478	144,183	-	-
Other recognised gains (losses)	195,501	7,687	-	744,890	(573,000)	375,078
Balance at 30 September 2019	4,538,234	377,137	274,750	9,448,768	(2,078,000)	12,560,889

Transfer between funds are the application of total return on endowment funds (note 10).

The Group	Unrestricted funds					2018 Total funds £
	Permanent	Restricted	Designated	General	Pension	
	endowment	funds				
	funds	funds				
£	£	£	£	£		
Analysis of fund movements						
Balance at 1 October 2017	4,636,418	388,484	346,863	8,876,920	(2,558,000)	11,690,685
Income	154,349	6,857	-	3,324,455	-	3,488,661
Expenditure	-	(44,528)	-	(3,861,853)	172,000	(3,734,381)
Transfers	(405,349)	-	-	405,349	-	-
Other recognised gains (losses)	(42,685)	3,513	-	241,180	678,000	880,008
Balance at 30 September 2018	4,342,733	354,326	346,863	8,989,051	(1,708,000)	12,324,973

Unrestricted funds incorporate the Pension Reserve disclosed on the balance sheet. The actuarial losses appearing on the statement of financial activities relates to the movement in the liability of the RBS pension fund reserve.

Group	Unrestricted funds					2019 Total funds £
	Permanent	Restricted			Pension reserve £	
	endowment		Designated	General		
	funds	funds	funds	funds		
£	£	£	£	£	£	
Analysis of assets and liabilities at year end 30 September 2019						
Intangible fixed assets	-	-	-	91,800	-	91,800
Tangible fixed assets	-	86,580	184,347	-	-	270,927
Investment assets	4,538,234	290,557	90,403	9,563,290	-	14,482,484
Net current assets/liabilities	-	-	-	(206,322)	-	(206,322)
Defined benefit pension scheme liability	-	-	-	-	(2,078,000)	(2,078,000)
Net assets	4,538,234	377,137	274,750	9,448,768	(2,078,000)	12,560,889

Group	Unrestricted funds					2018 Total funds £
	Permanent	Restricted			Pension reserve £	
	endowment	income	Designated	General		
	funds	funds	funds	funds		
£	£	£	£	£	£	
Analysis of assets and liabilities at year end 30 September 2018						
Intangible fixed assets	-	-	-	598,583	-	598,583
Tangible fixed assets	-	86,850	256,190	-	-	342,770
Investment assets	4,342,733	267,746	90,673	8,565,359	-	13,266,511
Net current assets/liabilities	-	-	-	(174,891)	-	(174,891)
Defined benefit pension scheme liability	-	-	-	-	(1,708,000)	(1,708,000)
Net assets	4,342,733	354,326	346,863	8,989,051	(1,708,000)	12,324,973

The Permanent endowment funds form part of the funds of the Memorial Fund. On 18 September 2018 the Committee of Management of the Memorial Fund (a Permanent Endowment Fund) agreed to adopt a total return on investment approach under section 105 of the Charities Act 2011 for the Memorial Fund and that its core value should remain set at £3,044,472. They further agreed that responsibility for the implementation and oversight of adopting a total refund basis should be delegated to the Institute's Finance & Investment Committee.

The total return basis allows any capital growth to be removed from the Fund, which means that in effect the value of the capital would erode over time since it would no longer be increasing in line with inflation.

Within the restricted income funds are the Awards and Scholarships Funds totalling £269,406K (2018: £274,977). These were established via donations and legacies received over the course of time to create separate funds specifically available for rewarding excellence within the field of marine engineering, science and technology. Income arising from these funds is accumulated in the restricted income fund and is used to fund the prizes award.

Other restricted income funds represents memorabilia and historic assets gifted to the charity over the years, together with works of art purchased by the charity.

The unrestricted general funds are available to be spent for any of the purposes of the charity.

Designated funds

The trustees have earmarked part of the charity's unrestricted funds as designated funds to be used for the following particular purposes in the future.

	At start of year	Designations utilised	At end of year
	£	during the year	£
Tangible fixed assets (note 7)	256,190	(72,113)	184,077
Overseas cash	90,673	-	90,673
	<u>346,863</u>	<u>(72,113)</u>	<u>274,750</u>

The tangible fixed assets fund represents the net book value of the tangible fixed assets owned by the group, excluding historic assets and memorabilia (which are restricted funds). Such assets are vital to the group being able to carry out its charitable work and the value invested in the assets cannot,

therefore, be realised in order to meet future expenditure or contingencies. To emphasise this point the net book value of the assets is represented by a specific tangible fixed assets fund.

The designated overseas cash fund was created on 30 September 2014 in respect of those cash at bank balances which cannot be readily transferred to UK and as such are not available to the trustees for charitable purposes.

18 Comparative consolidated statement of financial activities

	Notes	Endowment funds £	Restricted funds £	Unrestricted funds £	2018 Total funds £
Income from:					
Donations	1	-	-	2,260	2,260
Charitable activities	2	-	-	2,953,376	2,953,376
Investment income	3	154,349	6,857	304,819	466,025
Income from associates	3	-	-	67,000	67,000
Total		154,349	6,857	3,327,455	3,488,661
Expenditure on:					
Charitable activities	4	-	44,528	3,689,853	3,734,381
Total		-	44,528	3,689,853	3,734,381
Net (expenditure) income before gains and losses on investments		154,349	(37,671)	(362,398)	(245,720)
Transfers between funds	10	(405,349)	-	405,349	-
(Losses) gains on investments		(42,685)	3,513	241,111	201,939
Net (expenditure) income for the year		(293,685)	(34,158)	284,062	(43,781)
Other recognised gains (losses)					
Actuarial gains on defined benefit pension scheme		-	-	678,000	678,000
Foreign exchange gains (losses)		-	-	69	69
Net movement in funds		(293,685)	(34,158)	962,131	634,288
Reconciliation of funds					
Total fund balances brought forward at 1 October 2017		4,636,418	388,484	6,665,783	11,690,685
Total fund balances carried forward at 30 September 2018	17	4,342,733	354,326	7,627,914	12,324,973

19 Prior period restatement

The financial statements have been restated as a result of a correction to the treatment of investments in group companies and assessment of the structure of the group. The cash paid by the charity for share capital in indirect subsidiaries, rather than by the legal owner of the shares, Marine Management (Holdings) Ltd, has been reclassified as amounts due from subsidiaries rather than as an investment in subsidiary companies by the charity. The legal structure of the Awards and Scholarship Fund has been reassessed and this fund is now treated as a linked charity rather than a subsidiary.

Restatement of the above has had the following impact on the funds and surplus for the comparative period.

	Group	Group	Charity	Charity
	Total funds	Total funds	Total funds	Total funds
	as restated	as restated	as restated	as restated
	2018	2017	2018	2017
	£	£	£	£
Total funds as previously stated	12,324,973	11,690,685	12,833,889	12,160,943
Less: Reclassification of investment in subsidiaries	-	-	-	-
Add: Value of Awards and Scholarships Fund	-	-	274,815	298,472
Total funds as restated	12,324,973	11,690,685	13,108,704	12,459,415

The adjustments shown above had the no impact on the Group surplus for the year ended 30 September 2018.

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Andrew Tyler CBE (from Mar 2019)

President-Elect

Andrew Tyler CBE (to Mar 2019)
Kevin Daffey (from Mar 2019)

Immediate-Past President

Christopher Hodge OBE (to Mar 2019)
Robert Dorey (from Mar 2019)

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Sarah Dhanda
Alistair Greig
Nigel Guild CB (to March 2019)
Katherine Harris Holmes
John Lawson (to Sept 2019)
Alan Mills
Rachel Nicholls-Lee
Philip Parvin
Richard Wakefield (Vice-Chair of the Board)

Management Team

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Paul James - Chief Operating Officer

Charlotte Lord - Communications Director

Beverley Mackenzie - Technical and Policy Director

Richard Thain - Director, MLA College

Appointed Members of Council

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Christopher Eggleton
David Gan
Kenneth Greig
Omar Abdel Aziz Ismail (to Mar 2019)
Adthisaya Ganesen Manickam
Peter Noble
Zahid Rahman
Claudene Sharp (to Mar 2019)
Kathryn Sherley
Ka Sing Szeto (to Mar 2019)
Peter Towell OBE (to May 2019)

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Yves De Leeneer
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John Lawson (to Sept 2019)
Leonard Michaels
Alan Mills
Philip Parvin
William Paterson
Brian Smith
Nigel Smith
Ivan Chi Keung Tam
Richard Wakefield
John Wills

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