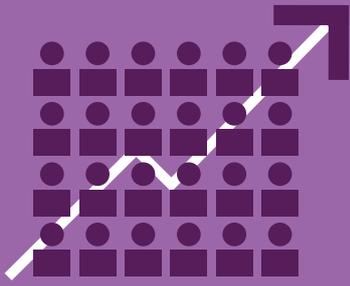


# The IET Trustees' Annual Report and Accounts

Year ended:  
31 December 2019



# In the last financial year



Number of non-student and apprentice members below the age of 40 years increased to just under

**40,000**

Over

**8,300**

new papers published



Over

**18m**

Inspec records



The IET welcomed

**62,176**

online community members



**167,427**

IET members worldwide



IET members  
in over

**200**

countries

**273**

scholarships and bursaries awarded to students and apprentices throughout the year, worth just under

**£1M**



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# Introduction

## from the President and Chief Executive and Secretary

Engineering and technology are fundamental to the development, and future, of the world we live in. The IET exists to support the creative and innovative professional communities that are working to solve the challenges faced by humanity, both now and in the future. We continue to inspire young people about engineering careers; inform our professional communities by sharing science, engineering and technology knowledge; and influence policy and opinion with engineering and technology thought leadership.

### Inspiring engineering careers

The year started with the introduction of our re-engineered brand, with our fresh, new look now rolled out across all our platforms. Our new tone of voice and visual identity ensures we remain modern, relevant and inclusive of all our audiences. A particular focus for the IET is to make sure early career engineers remain inspired by engineering and technology.

With this in mind, our work within universities across the globe expanded in 2019. We now have 116 On Campus groups for students around the world and IET volunteers have worked tirelessly to help us accredit more than 500 academic programmes, visiting five different countries to do so. We were also pleased to celebrate ten years of our Academic Partnerships with our biggest ever Summer Partnership Event at Savoy Place in London.

Our annual Present Around the World (PATW) competition, which provides a platform to encourage young professionals to develop and showcase their presentation skills, expanded to 140 global heats. The China Regional Final for example attracted 931 competitors, an audience of over 3,000 people and over 86,000 votes via WeChat. Elsewhere, more than 60 volunteers have enrolled for the new role of Young Professional Ambassador to inspire young people in STEM.

Growing our relevance to early career engineers (below the age of 40) has meant this group of IET members grew close to 40,000. Professional registration and recognition is an important aspiration for those starting their careers and in 2019 we were pleased to help professionally register more than 3,450 engineers and technicians this year. We continue to work with key stakeholders to extend our registration offer in China.

IET India hosted the inaugural Engineering the Future of Work event, where the IET's Future of Work Playbook was launched – an exclusive guide to navigating the evolving world of work in India. The event sought to create a roadmap of solutions to the issues facing one of the largest and most complex workforces in the world. The first all-inclusive platform of its kind discussed topics such as the impact of AI and automation on job security as well as mental health and wellbeing.

Professional competency remains one of our key focuses and a Concordat to help organisations show their commitment to valuing their engineers and ethical practices was launched at the Presidents' Inaugural Address. The focus of the Concordat is to give greater purpose to professional registration and development, eliminate bad practice and demonstrate competency to society.

We also launched our multi-year Equality, Diversity and Inclusion (EDI) strategy during the year. This strategy engages with multiple diversity characteristics for greater impact on creating a more inclusive and diverse workforce within engineering and technology. As part of this, a new social media campaign #IAmAnEngineer featured 23 real life engineers from different backgrounds to celebrate uniqueness.

In the summer we partnered with RS Components to launch REflect; an event that promotes technology careers to young people within the BAME community – an under-represented group in the UK engineering industry – using role models as examples of success stories.

Meanwhile, our education programmes introduced more young people to the creative and innovative careers available within STEM. Our Engineer a Better World campaign soared to new heights when we teamed up with the Beano to run a competition entitled Life on Mars. This challenged young people to choose an item they couldn't live without and re-design it for life on Mars. Our winner saw her design, a musical instrument adapted for low oxygen environments, sent literally to the edge of space; an event depicted as a cartoon in the Beano itself.

### Informing our professional communities

Once again we exceeded our publishing goals, with 8,312 peer-reviewed papers and 60 new print books being published throughout 2019 and made accessible on our IET Digital Library. We also celebrated 50 years of Inspec, our award-winning research tool which has been delivering access to essential engineering intelligence since 1969. This year we launched the full release of Inspec Analytics, our dynamic new solution to help engineering professionals, researchers and

strategic managers explore global trends in physics, engineering and technology. We are proud to deliver world-class research solutions to our research community and will release exciting new Inspec capabilities during 2020.

Our global events, such as our 8th Renewable Power Generation Conference hosted in Shanghai and the 15th International Conference on AC and DC Power Transmission, played a big part in generating published papers. IET India also held its 4th successful Internet of Things Congress with the theme of 'Mainstreaming the Internet of Things'. There were 83 speakers, eight white papers were launched and over 1,600 delegates attended the event. We were also pleased to deliver the 45th European Conference on Optical Communication in Ireland, which broke delegate records and featured a lecture delivered by noted physicist Professor Brian Cox.

Our local networks across the globe also played a huge role in disseminating engineering and technology knowledge, with notable events being hosted at the Singapore Institute of Technology and Swinburne University in Malaysia.

Our on-line course content also continues to grow, with a further 20 courses being made available the IET Academy during the year.

### Influencing opinion and policy

We have continued a high level of engagement with MPs, Peers, Government and Shadow Ministers during a challenging year in the UK as a result of political uncertainty. We ran fringe events at the Labour, Conservative and SNP conferences, with MP representatives joining our IET volunteers on the panels.

The Department for Digital, Culture, Media and Sport appointed the IET to lead the creation of the UK Cyber Security Council. This alliance of 16 cyber security professional organisations will make cyber security a well-structured and easy to navigate profession which represents, supports and drives excellence going forward.

### Looking ahead

Looking ahead we are mindful that coronavirus (COVID-19) has had substantial and far-reaching impacts around the globe which have impacted both our own plans and the international engineering community. Our intentions are to re-start those activities we have had to curtail as a result of COVID-19 once it is considered sufficiently safe to do so, but adapt to reflect the lessons of the crisis in respect of digital technologies, the changes generated by the crisis in respect of societal priorities and economic conditions, and our own organisational learnings.

We have, for example, adapted plans for our 150th anniversary celebrations that begin in October 2020. Preparations are now well underway following research among our members and other stakeholders about how we should mark this milestone. We currently have more than 20 activities planned and are looking forward to sharing more details in the coming months.

Following the improvements made to Austin Court in Birmingham over Summer 2019, plans are underway to refurbish Michael Faraday House, the operational base for over 500 IET staff. This will bring the building up to modern office standards; providing an improved working environment and addressing the sustainability of the IET estate.

Alongside improvements to the building, we are continuing to deliver our technology-enabled process improvement and change programme, following implementation of a new sales order processing system in Summer 2019.

### Thank you

The continued involvement of our dedicated volunteers working alongside our staff team underpinned many of our activities throughout the year and we'd like to thank everyone who has contributed to all of our achievements in the past 12 months. Your work has been invaluable in helping us to engineer a better world.



A handwritten signature in black ink, appearing to read 'Peter Bonfield'.

**Dr Peter Bonfield**  
OBE FREng OBE FREng BSc  
MSc PhD CEng FIET  
President



A handwritten signature in black ink, appearing to read 'Nigel Fine'.

**Nigel Fine**  
BSc MBA CEng FIET FICE  
Chief Executive and Secretary



# Report of the Trustees

We are the IET and we inspire, inform and influence the global engineering community to engineer a better world.

In a world facing important and increasingly complex challenges, there's never been a more important time to demonstrate the solutions that engineering and technology present.

We are a diverse home for engineering and technology practitioners throughout the world, from those developing skills in new engineering capabilities to those perfecting established skills.

This breadth and depth means we are uniquely placed to help the sector drive solutions to problems. Whether generating new knowledge, sharing academic thinking, or turning theory into practice, we lead our profession in making better sense of the world in order to solve the challenges that matter.

It also gives us a particular view of how the profession is changing and ensures we grow our members professionally and intellectually. It informs the standards we set so society can apply engineering and technology solutions with confidence. It provides the evidence to keep engineering at the top of the political agenda, and the insight to preserve and enhance the teaching of essential STEM subjects.

It's how we inspire tomorrow's generation with the advancements of today.

It's why we champion engineering.

# Our aims and objectives

The IET is a registered charity and membership body incorporated under a Royal Charter which defines its objectives and purpose.

The IET's purpose is...

"...to promote the general advancement of science, engineering and technology and to facilitate the exchange of information and ideas on these subjects amongst the members of the IET and otherwise."

– Extract from the IET Royal Charter

Our vision is...

"...to "engineer a better world" and we seek to achieve this by pursuing our mission of "inspiring, informing and influencing the global engineering community to support technology innovation and meet the needs of society".

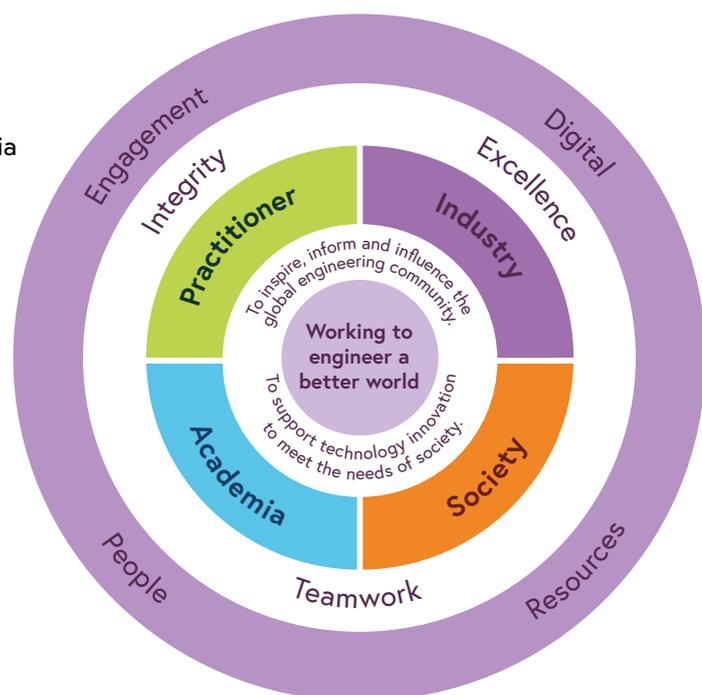
## The IET strategic framework

As both a professional body and a charity, we recognise the need to work in close partnership with our stakeholders to deliver the Institution's vision and mission. Our Strategic Framework identifies groups of people that we support and work closely with (practitioner, industry, academia and society), as well as defining strategic ambitions and objectives for each group.

Our vision and mission are at the heart of our activities. We deliver at them in the context of the needs of engineers and technologists, the organisations in which they work and wider society. This outward focus will ensure we remain relevant and effective in delivering our vision and mission.

There are other elements that feed into the strategy and these are represented in the two outer circles in the framework. They are our organisational values of Integrity, Excellence & Teamwork, and our 'enabling strategies', which help us to deliver our charitable purpose, vision and mission.

The following sections explore our strategic ambition and objectives for each of our stakeholder groups.



# 01

## Working with practitioners, we champion excellence and professionalism in engineering and technology

We recognise that the benefit that the engineering community delivers to society relies on the quality of the people working in the engineering and technology sectors. With the rapid advance of knowledge, individuals need to identify and assimilate new learning on a continual basis. They also need to be able to demonstrate a degree of integrity, competency and professionalism which goes beyond academic understanding. Finally, as a fundamentally collaborative endeavour, engineering requires a broad and inclusive mix of skills which often extend across traditional engineering disciplines.



### Our objectives are to:

- Enable our community to demonstrate competency, professionalism and achieve recognition.
- Provide relevant, inspiring and up-to-date knowledge and life-long learning.
- Connect and promote a diverse, inclusive and engaged profession.

# 02

## We partner with industry to support quality, efficiency and innovation in engineering and technology

We have a shared interest with engineering employers to ensure the engineering community has the right skills for today and tomorrow, and that they can operate within organisations with high operational standards. We also believe that we have an important role to play in facilitating the adoption of new technology and sharing of best practice.

### Our objectives are to:

- Set high professional and ethical standards to deliver safe and reliable solutions to society.
- Work with industry to understand its needs and meet the demand for skilled professionals.
- Share technology innovation and promote engineering best practice.



# 03

## We drive innovation and insight within engineering and technology to solve global challenges

The research community generates the new knowledge that ultimately delivers the innovations on which society depends to progress. This global aim requires a highly sophisticated understanding of the body of knowledge which comprises of both research outputs (content), and the network of individuals and organisations that work together on research programmes and knowledge transfer.

Alongside this, the academic community has a vital role as educators to ensure graduates have the appropriate knowledge and skills to deliver value within academia or industry.



### Our objectives are to:

- Deliver insight and intelligence to enable effective and innovative research.
- Facilitate the application of engineering and technology research to create sustainable impact.
- Promote high quality student and trainee learning.

# 04

## We promote recognition and awareness of the beneficial impact of engineering and technology on society

Our work in this segment focuses on two areas. Firstly, we believe that delivering the benefits of technology and engineering requires an environment in which engineering solutions can be safely and rapidly introduced to meet society's needs. For this reason, we seek to influence decision-makers to pursue the evidence-based policies which most effectively meet those needs.

Secondly, we recognise that society needs a strong supply of creative and talented engineers. To achieve this, we must help remove the barriers for young people with a natural interest in 'how things work' in accessing productive and satisfying roles in engineering.

### Our objectives are to:

- Promote engineering developments that solve world problems.
- Support governments to adopt effective engineering and technology solutions.
- Encourage every child to think positively about engineering and ensure that they have the opportunity to become an engineer.



## Our operational activity

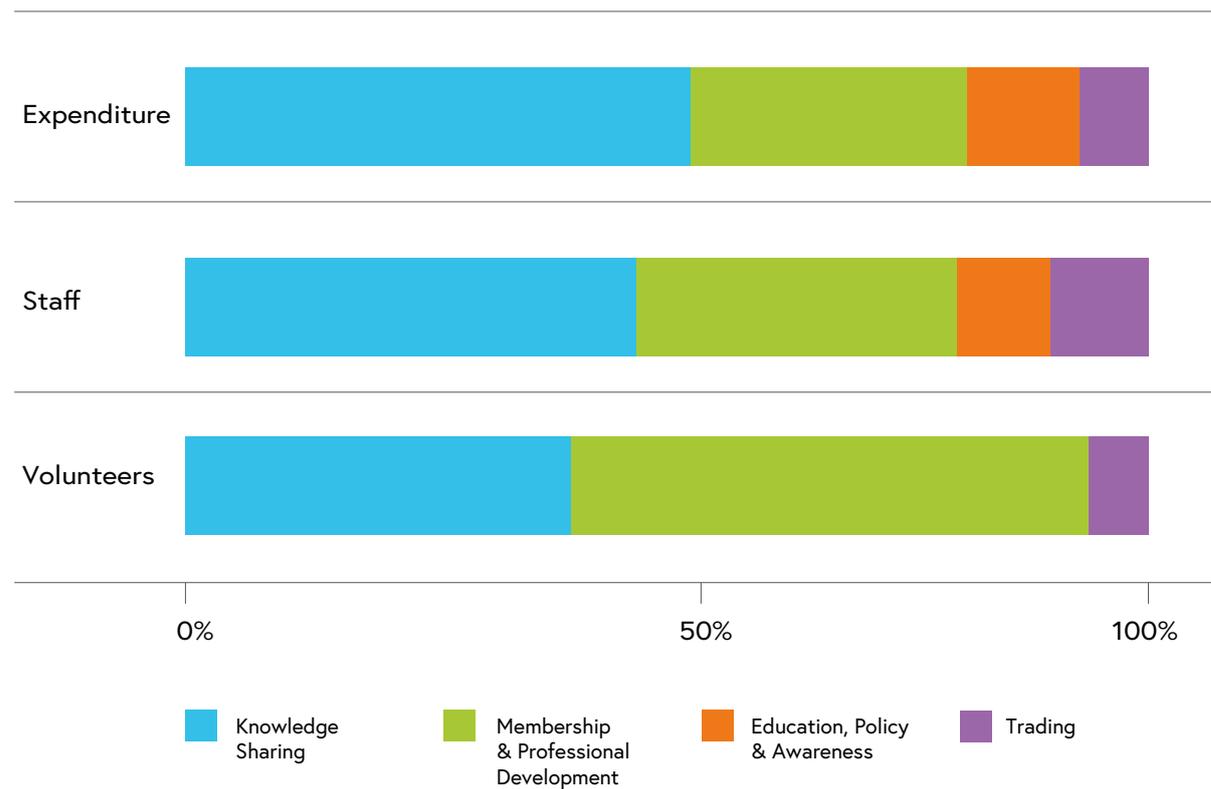
The main activities undertaken by the charity to deliver against its strategy and which form the basis of reporting are as follows:

- **Knowledge sharing** activities to gather and distribute scholarly and professional content through a variety of physical and online channels to a global audience, drawing on the unique strengths of its membership and communities.
- **Membership and Professional Development** activities which focus on the career-long professional development and professional registration of individuals.
- **Education, Policy and Awareness** activities which seek to engage young people and the wider public with the roles played by engineering, technology and science in enhancing people's lives; as well as informing Government policy formulation.

Our activities are overseen by three volunteer-led Boards responsible for Knowledge Services, Volunteer Engagement and Membership and Professional Development. These Boards, which report directly to the Charity's Board of Trustees, meet regularly throughout the year and reflect the collaboration of IET staff and volunteers. We also control a number of subsidiaries which enable our international operations and the trading activities which fall outside of our primary purpose.

The relative scale of these activities can be seen in the resources expended and staff and volunteers engaged in each operational area as follows;

### Use of resources by area



In 2019 our key performance indicators were derived from the previous version of our Strategic Framework and these are reported on under the relevant areas of operational activity.

Over the course of the year, we drafted a new set of key performance indicators which will be in use throughout 2020 and beyond – details of these new metrics and their associated 2020 targets can be found on p44.



IET Volunteer working with a participant at Engineering Open House Day

## Volunteering

Volunteering at the IET can be a life-changing experience and an opportunity for the engineering and technology community to come together and make a difference.

Our day-to-day work is dependent on the generosity and capabilities of our volunteer network, which spans many roles and opportunities, including

- Working within the Governance of the Institution.
- Mentoring the next generation of Engineers and Technologists.
- School and University Engagement.
- Advising on policy and responses to UK Government.
- The Peer Review of content for the IET's Journal portfolio.
- The assessment of Apprenticeships and the accreditation of other professional registration schemes.
- Undertaking Professional Registration interviews.
- The review of Standards documentation.
- Advising on the Continuing Professional Development of IET members.

Our volunteer communities are vital to supporting professionalism in engineering and technology. They consistently demonstrate our core values through their various activities and their contributions play an important part in helping to inspire, inform and influence the global engineering community.

Together our volunteers have a valuable positive impact with and beyond the engineering community, illustrated in some of the activity delivered during 2019:

- IET Community volunteers created and hosted over 1,700 IET events during the year, which attracted more than 160,000 delegates. The events generated around 235,000 hours of Continuing Professional Development (CPD) content.
- Volunteers were instrumental in awarding over 157 Diamond Jubilee Scholarships and Engineering Horizons Bursaries to engineering and technology students and apprentices worth £517,000.
- Volunteers have supported 1,637 candidates through their Professional Review Interviews.
- Our volunteers have helped raise the quality of engineering degrees by accrediting more than 502 academic programmes, visiting 57 universities in five different countries.
- Over 859 IET mentors support our members with career development, globally.



Present Around the World 2019 Winner – Padmanabhan Krishnamurthy

## Young Professionals Volunteer Engagement in 2019

It's also been a busy year for our Young Professional Volunteers who, as well as growing their core activities of Present Around The World and On Campus, have introduced a new role of Young Professional Ambassador to help continue to inspire young people in STEM. As a result of the creation of this new role, more than 60 volunteers have enrolled as ambassadors.

In addition:

- IET volunteers planned and delivered 140 Present Around The World heats globally
- 116 On Campus groups all over the world were led by IET student volunteers.

It doesn't matter whether volunteers support us for a few hours, days or weeks a year.

## What really counts is taking part.



Present Around the World 2019 Finalists

## Total number of IET volunteers



Present Around the World 2019 - China





2018-19 Into Orbit UK and Ireland Final – Robot Game

## Fundraising and development

We were spurred into fundraising by the skills shortage in the engineering and technology sector. Now we're inspired by the talent and commitment of the hundreds of students and apprentices we have met and the thousands of school children who amaze us with their creativity and inventiveness.

By working in partnership with companies, trusts and individuals we've been able to expand the reach of our innovative STEM education programmes and also the number of engineering students and apprentices we're able to support through their studies.

Our funding partners help us to take our programmes into new regions and work with schools and communities where there isn't a strong tradition of STEM teaching.

The programmes we offer are scalable and can be tailored, to a certain extent. By joining forces with us, donors can have a bigger and more sustainable impact with their funds.

2019 was the first full year that we were able to match-fund new donations to our flagship programmes.

£1 million was made available by IET trustees from July 2018 in celebration of our forthcoming 150th anniversary. The funds were earmarked to match pound for pound donations to the Faraday

Challenge Days, IET FIRST® LEGO® League programmes, Diamond Jubilee Scholarships and Engineering Horizons Bursaries.

Individual donations are mainly received through our two Virgin Money Giving pages. One for the Inspiring Future Engineers Fund and one for Take Your Place where larger donations are recognised at IET London: Savoy Place.

We are also pleased to honour those who kindly leave a legacy to the IET with an engraved block at Savoy Place, with the permission of family or executors. This year we were notified of two legacies which will enhance our charitable activities.

Our Development Team reports to a committee comprising largely of volunteers, including two trustees, and the Chief Executive and Secretary.



2018-19 Faraday Challenge season champions from Lenzie Academy in Glasgow.

An Impact Report is submitted to the Board of Trustees each year and made publicly available, to highlight the breadth and depth of the work.

Our main sources of donations are companies, charitable trusts and foundation, interested individuals and legacies.

In 2019, £426,000 of donations were matched from the IET Benevolent Fund. Together with the previous year's donations we have now raised £700,000 of matched funds.

#### Donors

- Affinity Water
- Airbus
- Altran UK
- BAE Systems
- Belling Charitable Settlement
- Caterpillar
- Chemring Group plc
- Costain
- Cundall
- David Family Foundation
- Engineers Trust
- Exilarch's Foundation
- Ford Fund
- Ruth and Nigel Fine
- Ironmongers' Foundation
- Jack Petchey Foundation
- LEGO® Foundation
- Lloyd's Register Foundation
- Manly Trust
- Motorola Solutions Foundation
- National Grid
- NATS

- Plextek
- Reece Foundation
- Royal Commission for the Exhibition of 1851
- Sage Foundation
- Siemens
- Society of Motor Manufacturers and Traders Limited
- Science and Technology Facilities Council
- Spirax Sarco
- Thales
- Keith Thrower OBE FREng FIET
- Graham and Kathleen Tubbs
- Wates Family Enterprise Trust
- Peter Weitzel CEng MIEE
- Whirlpool
- Whitaker Charitable Trust

#### Legacies

- Mr David Hutcherson
- Mr John Rose

We are grateful to the many individual members, families and friends who gave to the Inspiring Future Engineers Fund and through the Take Your Place option.

If you'd like to find out more about our programmes and initiatives or would like to donate to the Institution, visit our website or email us at [development@theiet.org](mailto:development@theiet.org)



2019 Scholarship and Bursary recipients



Delegates at the 2019 IET Annual Dinner



Team from South Tyneside FIRST® LEGO® League Jr. Mission Moon Expo

## Fundraising statement

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes".

Such amounts receivable are presented in our accounts as "Donations and legacies" and are all voluntary in nature.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day to day management of all income generation is delegated to the Executive Team, which is accountable to the Trustees.

Although the charity is not required to be bound by any regulatory scheme, the charity complies with the relevant codes of practice. We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds, we do not specify such terms to fundraising activities and nor do we consider it necessary to design specific procedures to monitor such activities.

The Institution of Engineering and Technology is registered with the Fundraising Regulator.

## Grant making policy

The IET does not generally make grants from its unrestricted funds. Grants are therefore generally made to individuals in the form of scholarships and awards in accordance with the objectives and restriction of relevant funds and under the supervision of the Scholarships Committee and the Awards & Prizes Committee. IET also administers the Dr A F Harvey Fund under which grants are generally awarded to an organisation within which funded research is performed. Award of the Dr A F Harvey Fund is judged by the IET A F Harvey Engineering Research Prize Search and Selection Panel. Recipients are required to report on the application of funds and research outcomes to the Panel.

# Our achievements and performance

## Knowledge sharing

### We deliver insight and intelligence to enable effective and innovative research

The engineering and technology community faces an increasingly wide range of unprecedented challenges and opportunities as they seek to Engineer a Better World. We seek to support these pioneers by encouraging and facilitating the creation and sharing of technical knowledge.

The 21st Century has played host to a proliferation of knowledge (of varying reliability) and as the largest Professional Engineering Institution in Europe, we play a central role in ensuring that the highest quality information is available to the community and general public, in the most efficient, user-centric and device-independent manner as possible.

#### Journals and books

We manage a portfolio of 39 research titles, three letters journals and a gold open access mega-journal. They offer a wealth of research and information across a wide range of engineering and technology fields.

In 2019, we expanded our journals portfolio to include the following titles:

- IET Collaborative Intelligent Manufacturing
- IET Cyber Systems and Robotics
- IET Smart Cities
- Cognitive Computation and Systems
- IET Energy Systems Integration
- IET Quantum Communication

We also published 60 books throughout the year across a number of technical disciplines, with 2019 titles including:

- Systems Engineering for Ethical Autonomous Systems
- Sensors in the Age of the Internet of Things
- Wind Energy Modelling and Simulation
- Security and Privacy for Big Data, Cloud Computing and Applications
- Nature-Inspired Cyber Security and Resiliency

#### Journals archive

With over 150,000 peer-reviewed articles in a wide range of journals and magazines, along with papers from a variety of conferences in the subject areas of; electrical and electronic engineering, telecommunications, computing, power, control, radar, circuits and materials, our Journals Archive is a truly invaluable resource to a range of researchers. The collection also includes the Electronics Letters archive, covering publications from 1965.

#### Open Access

As a society publisher and a not-for-profit organisation committed to serving the engineering community, we support Open Access publishing across all of our journals.

We provide authors with multiple formal publishing channels and ensure that knowledge is accessible to the engineering and technology community.

We also work with trusted institutional and international partners to extend our reach and take advantage of economies of scale.



## We share technology innovation and promote engineering best practice

Engineers and Technologists hold a trusted place within society. However, with that position comes a responsibility to ensure that our outputs are safe, ethically sound and progressive.

That is why we continue to develop learning and development tools which can be tailored to individuals and their own specific learning preferences and requirements.

In 2019, those formats included virtual and physical activities and resources, which are focused across a number of sectors, to enable our membership to quickly identify materials relevant to them and their peers.

### IET Academy (eLearning)

Some examples, including newly developed content, are;

- Protection of Distribution Networks
- Mobile Communications
- Renewable Energy Integration
- Network Economics and the Regulatory Environment

### Professional development courses

- High Voltage Engineering and Testing
- Satellite Communications
- Distributed Generation
- Railway Signalling and Control Systems
- Safety Critical Systems

### iet.tv – new video content included

- Ethics in Healthcare Informatics
- Exploring the IET Archives
- Architecting Railway Systems for Resilience
- Digitising the Natural History Museum

### What we said we would do

The key performance indicators we used to track our performance in the Knowledge Sharing area are:

Strategic KPI	2019 target	2019 outcome
The number of peer-reviewed papers we publish (and the Impact Factors of our journals)	8,052	8,312
The number of attendees at our physical events	180,270	183,730
The average monthly number of unique viewers of IET.tv content	17,500	12,925
The average number of unique website visitors per month	790,000	807,269

### Online communities

We encourage and fund members and others to form communities of common interest to enable the spread of new ideas and debate. Our online collaboration suite, Engineering Communities is our hub for member information and communication.

Engineering Communities features not only communities of interest across a number of technical areas and engineering disciplines, but also communities based on geography.

In the digital age, vast amounts of information is available in an often dizzying array of formats. Whether it is via formal, peer-reviewed journals, or informal events or online discussion fora, the IET is committed to providing the best tools for efficient knowledge dissemination and maintaining its position as a standard bearer for quality.

As outlined in the IET's Royal Charter, our purpose is to facilitate the exchange of information and ideas. In a world of change, where traditional discipline boundaries are blurring and new, exciting fields of interest are multiplying at an exponential rate. We remain committed to helping our members, Governments and the general public, to stay informed and stay ahead.

## What we achieved

### IET Journals

We achieved our publishing goals in 2019, with 8,312 papers published against a target of 8,052.

This result is driven by hard work from our staff and volunteer communities, leading to strong performance in our Journal and international call-for-papers events programmes, particularly in China.

- Paper submissions to our Journals saw significant growth on 2018 levels (in particular via our Open Access programme) resulting in the circulation of 6,225 papers.
- In addition, a successful Renewable Power Generation conference in Shanghai (in partnership with Shanghai Jiao Tong University) both contributed to a significant over delivery of conference papers. At year-end we saw 2,087 papers published via our international call-for-papers events.

### Attendees at IET Events

More than 180,000 people attended an IET-run event during 2019, and we thank our volunteer and member communities for their efforts in helping us achieve this outstanding result.

IET volunteers planned and hosted over 1,700 events during the year which attracted more than 160,000 attendees and subjects as diverse as 5G Communications, Air Transport Engineering, Ethics in Autonomous Vehicle Development and the Role of Doctors in 2029.

Our technical seminar and call-for-papers event programmes also saw strong performance, with attendances at just over 9,400 for the year.

### iet.tv

We were unable to meet our ambitious target of 17,500 average IET unique visitors per month during 2019.

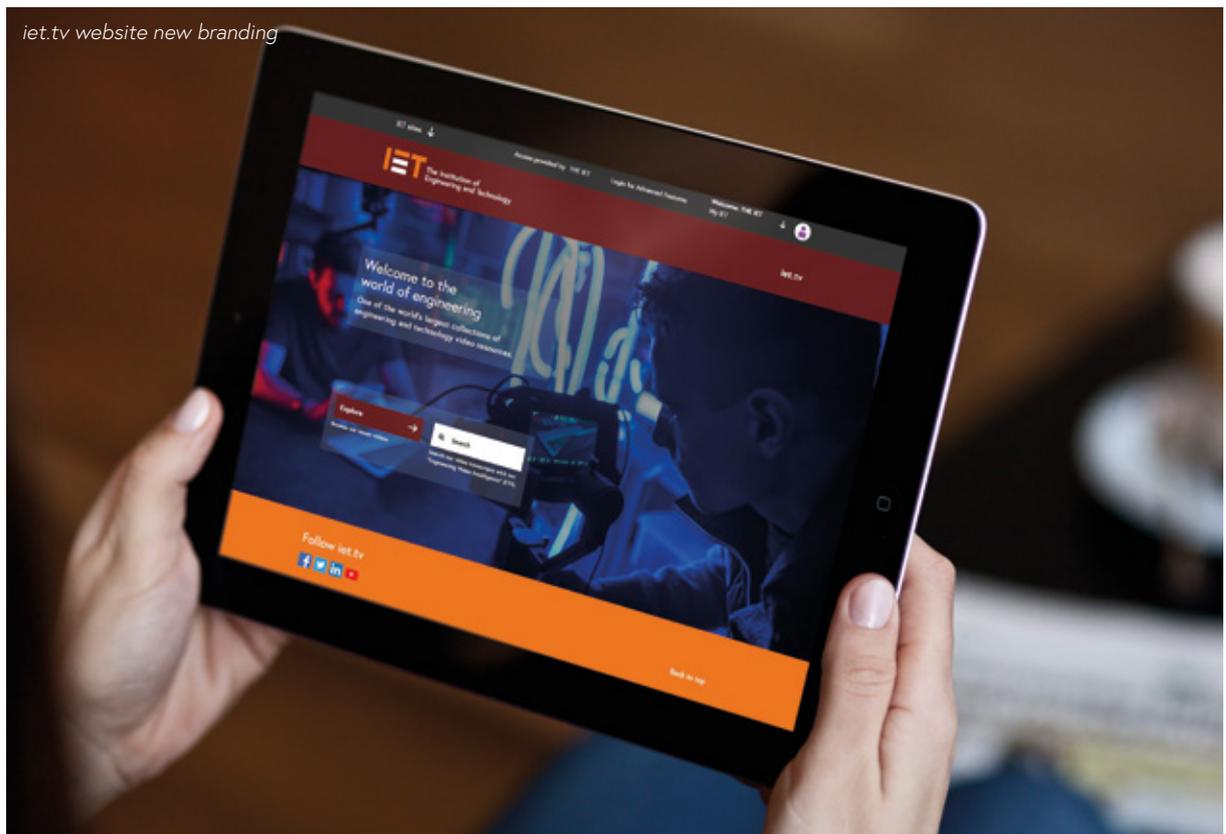
The variance was driven by a higher than expected level of protection applied to third party content, which limited our content sharing ambitions. However, an increasing amount of content is being distributed through other platforms, including YouTube, which is extending the reach of our iet.tv output.

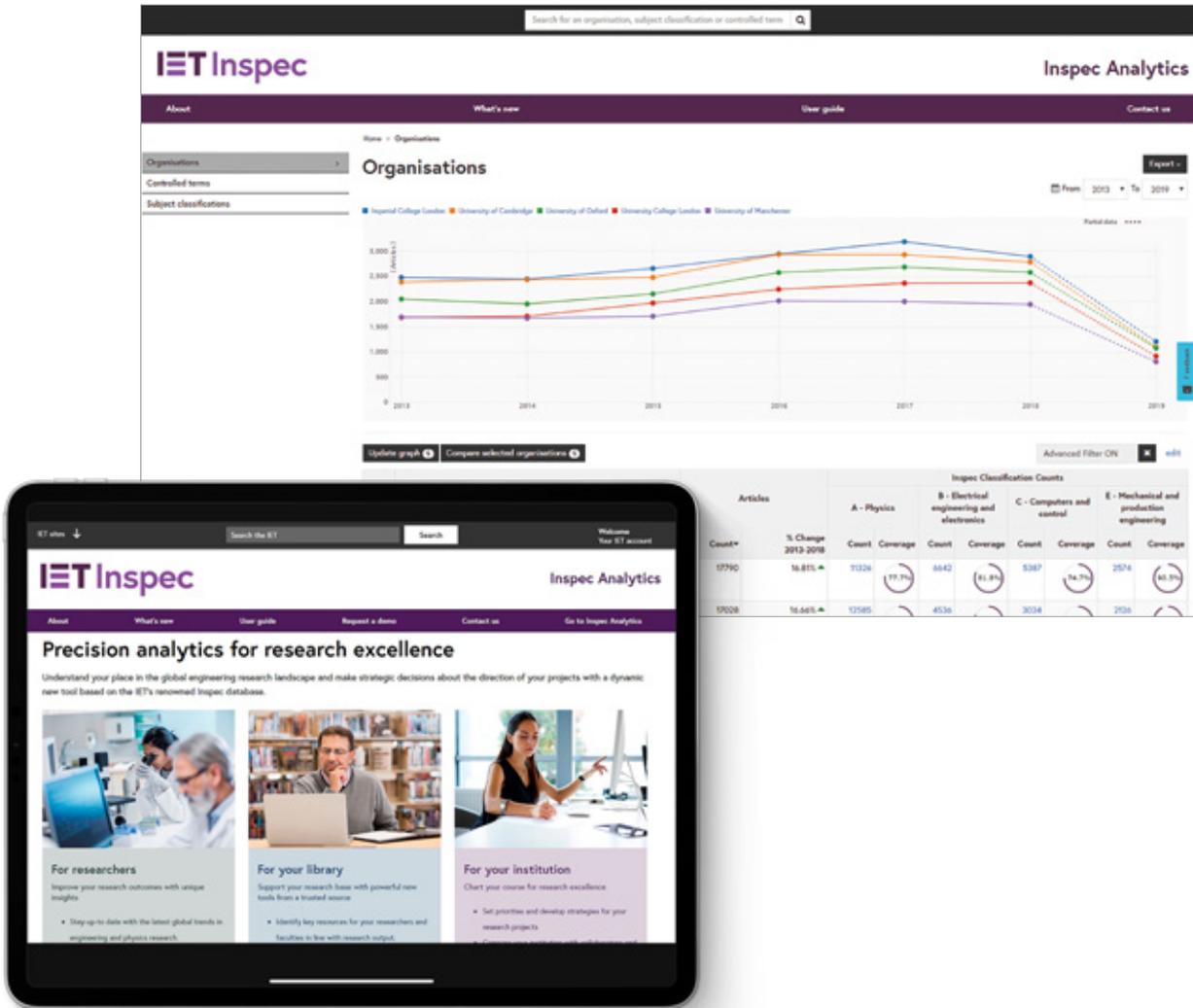
Going forward, a new KPI has been designed by volunteers and staff, which will assess engagement with IET resources across multiple social media channels, including YouTube, LinkedIn and Facebook, giving a true picture of community engagement with IET content, via the most appropriate platform.

### The IET website

We also exceeded our target for the number of unique website visitors, despite a usage dip in the first 2 quarters of 2019, following our rebranding exercise. Our new branding has proved popular, and a mix of strong cyclical products like the European Conference on Optical Communications, alongside innovative marketing, helped drive traffic to our sites at an increased rate. The IET's sites are now mobile responsive, which contributed to the recovery of traffic in the latter part of the year.

iet.tv website new branding





## Inspec

With an illustrious history stretching back to the late 19th Century, Inspec is a crucial component in our mission to share knowledge.

Inspec is the world's leading indexing database of scientific and technical literature, with extensive coverage of the fields of physics, computing, control and engineering.

It began life as *Science Abstracts*, a monthly, printed journal with an author list that included luminaries including Ampere, Marconi and Planck, but it is in 1967 that the Inspec (Information Service in Physics, Electrotechnology and Control) service was launched to cope with the continuing rise in published scientific literature following the Second World War.

1973 saw Inspec first launch online, with an initial 20,000 records available via the Cybernet timesharing network.

Now, in 2019, Inspec has over 18,000,000 records indexed, and we were pleased to launch the latest step in ensuring Inspec is fit for the digital age: **Inspec Analytics**.

The launch of Inspec Analytics recognises that information sharing in the 20th Century goes beyond merely linking papers and readers – researchers need a dynamic tool that uncovers trends and patterns that were previously invisible, which can support strategic, global planning.

In order to achieve this, we've used semantic technology to connect each element of the literature indexed in the Inspec database, including author, organisation, publication, date and subject keywords to create a world class intelligence tool which helps users navigate the global 'map of science' to identify and compare research trends across thousands of organisations and scientific concepts.

It was recognised this year at the Charleston Advisor's Eighteenth Annual Readers' Choice Awards, representing senior librarians across US Universities, Consultants and Publishing Industry Professionals as the *Best Digital Product or Services of Interest to Librarians and Academia*.

# Our Global Engineering Event Programme

We connect and promote a diverse, inclusive and engaged profession

More than 180,000 people attended an IET event in 2019.

Even as technology enables individuals to collaborate and share ideas in ways previously restricted to the realms of science fiction, our global, physical event portfolio remains an essential way for our communities to share knowledge and debate the latest challenges and opportunities. They also provide our members with the opportunity to meet IET staff and volunteers, and learn more about the future of the Institution.

Featuring first class speakers, hand-picked for their expertise and industry knowledge, our annual range of seminars, conferences, technical visits, courses, lectures and, of course, webcasts are guaranteed to both challenge and inspire.

Thanks to the efforts of our volunteers and staff, these events were held across the globe and addressed a variety of subject matter, including;

- Nuclear Engineering for Safety and Control
- Optical Communication
- Electrical Safety
- Cyber Security
- The Wiring Regulations
- Gender Parity in Engineering
- Earthing and Bonding
- Renewable Power Generation
- The Internet of Things



Renewable Power Generation event

EngFest provided an interactive engineering experience for over 800 secondary school students.



## 2019 Turing Lecture Series

In February 2019, Engineering a fair future: Why we need to train unbiased AI was the subject of the 2019 Turing Talk, in partnership with BCS lecture series.

Taking place in London, Manchester and Belfast these, sell-out talks were delivered by Professor Krishna Gummandi, who discussed the dangers of bias in man-machine decision making and what we can do about it to ensure a fair future.



### EngFest

Over 800 students and their teachers attended our third Festival of Engineering (EngFest).

The festival gave secondary school students a taste of being an engineer for the day, with inspiring talks, exciting exhibits – such as HYPED's very own Hyperloop prototype – and hands-on workshops from the likes of The Royal Navy, Bloodhound, Transport for London, IBM, Cyber First.



### IET Innovation Awards

IET Innovation Awards celebrated its 15th year in 2019 awarding 15 category winners and one overall E&T winner top spots in recognition and celebration of the very best new innovations across the breadth of science, engineering and technology.

This year, we received some remarkable entries covering a broad range of subjects; from healthcare technologies and cyber security to sustainability and transport. All 2019 shortlisted participants had the potential to make real improvements to modern society, demonstrating the innovation and imagination of engineers worldwide as they tackle economic and social challenges.

# Membership and professional development

## We provide relevant, inspiring and up-to-date knowledge and lifelong learning

We believe engineers and technologists will provide the answers to the questions facing humanity during the 21st Century.

However, these challenges will not remain static and as a result, the skillsets of our communities will also develop and grow. As society comes to rely increasingly on engineers and the technological solutions they provide, standards of professionalism and outputs are under continuous scrutiny.

We are committed to promoting professional development and provide our members with the means to ensure that they are able to fulfil their potential in a world that requires them to be at their best.

Together with this commitment goes the responsibility to promote the profession and inspire the next generation of problem solvers.

### Helping the community fulfil its potential

We champion engagement with learning and encourage the achievement of Professional Registration in early career and greater professionalism through qualifications.

Our membership models are optimised for career stage, through our Professional Home for Life<sup>®</sup> programme.

In order to safeguard the future of the Institution and the profession, we work hard to ensure that younger IET members are embedded and active within our governance and volunteering activities.

Membership of the IET provides not just access to resources and a community, but also the practical tools to support lifelong learning and the development of greater competency. We support Engineers at all levels in a number of ways, including;

- Professional Development and recognition by the UK's Engineering Council
- Course Accreditation
- Scholarships and bursaries
- The development of vital 'employability' skills

*Professional Registration in China*



## Partnerships with industry and academia

We work closely with Industry to help it arm its employees with the skills they need to excel in their fields.

In order to do this effectively, we have developed a partnership network of organisations who, like us, have made a commitment to providing professional recognition opportunities and continuing professional development to their staff.

We assist them by providing active support via in-house professional registration guidance and a package of products and services that are tailored to their own unique corporate requirements.

In 2019 we were pleased to welcome the following large organisations to our partner network:

- Aecom
- Arrow
- BAM Nutall
- CBRE
- Centrica
- Chrysaor Production
- Department of Transport
- Elbit Systems
- Elekta
- Environment Agency
- Hoare Lea
- JN Bentley
- Mace
- Merlin Entertainment Group
- Suez
- Veolia Nuclear Solutions

We also recognise that small and medium sized engineering organisations represent a significant part of the engineering community and are responsible for driving innovative solutions and opening new markets.

These organisations can face very different challenges to larger organisations as they expand their operations and headcount.

As a result, our Enterprise Partner Community continued to grow in 2019. Our teams work with each individual organisation to create a culture and plan that emphasises Professional Development and recognition.

Our new Enterprise Partners in 2019 were:

- AAC Ltd
- AD Comms
- AGHE
- Airquick
- Allan Webb
- Atmos
- Autodesk
- Blackburn Starling
- Brentwood Group
- Broetje Automation
- BSR Group (British Renewables)
- CEMA
- Certsure
- Cloudbass
- Cohort
- Cornelsen
- CPWP
- CSA Group
- EA Technology
- EES
- Eland Cables
- Intellectual Property Office
- IT Dev
- ITM Monitoring (Socotec)
- JJ Churchill
- Klinger
- Knorr-Bremse rail systems
- Lhoist
- Megger
- Murphy Electrical Services
- Quarch Technologies
- SEMP Ltd
- SilverFox
- Solverboard
- SPI Lasers
- TNEI
- Tracerco
- Triconnex
- Yelo

## The IET Concordat

Our partners have also joined our bid to champion the professionalism of engineers and technicians. In October, we launched a Concordat to help likeminded organisations show their commitment to valuing their engineers and ethical practices. The three main statements within the concordat are framed around:

- Recognising the value, contributions and credibility that engineers and technicians bring to the business through investment in their competence
- Encouraging Continuous Professional Development, and supporting engineers and technicians in terms of allocating time and encouraging mentoring, coaching and volunteering
- Encouraging the recognition of Engineering Council professional registration for all Engineers and Technicians, thereby working in an ethical and socially responsible manner in accordance with their Institution's code of practice.

## The Cyber Security Alliance

Our alliances have also led to new opportunities for us, like the opportunity to create a new UK Cyber Security Council (UKCSC) alongside the UK Government.

In August 2019, we were selected as the lead organisation in the design and delivery of the new Council, on behalf of the UK's Department for Culture, Media and Sport.

In its National Cyber Security Strategy, the UK Government made a commitment to 'develop the cyber security profession, including through achieving Royal Chartered Status by 2020, reinforcing the recognised body of cyber security excellence within the industry and providing a focal point which can advise, shape and inform national policy'.

As a result, 16 other cyber security organisations will join the IET as we seek to design a professional body that will give those interested in building their cyber security skills a well-structured and easy to navigate profession.

Following its development phase, which commenced in 2019, the Council is expected to launch its first programmes in 2021.

## The 2019 IET Achievements Awards

In November, we hosted our annual Achievement Awards ceremony in London, where we named the winners of the 2019 Achievement Awards. One of the most significant awards, the Faraday Medal, went to Sir Peter Knight FRS for his outstanding contribution in the field of quantum engineering. His pivotal role in conceiving, designing and delivering the National Quantum Technologies Programme has put the UK quantum science and engineering at the front of the global race to establish the second information revolution.

Dr Irwin Jacobs was awarded the Mountbatten Medal for his pioneering work on mobile broadband telecommunications, which brought smartphone technology to the world. His leadership has further enabled higher speed 4G mobile connectivity and multi-functionality in smartphones, benefiting many sectors of society.

Other prestigious medallists included Marcus Burton for his significant contributions to manufacturing and Professor Chenming Hu for his fundamental contributions to microelectronics.





*The Armed Forces Technician of the Year Finalists and Winner Warrant Officer class 2 (WO2), Kay Howells*

**The full list of award winners is as follows:**

- The Faraday Medal: Sir Peter Knight FRS
- The Mountbatten Medal: Dr Irwin Jacobs
- The Mensforth Gold Medal for Manufacturing: Marcus Burton
- The JJ Thomson Medal for Electronics: Professor Chenming Hu
- Achievement Medals were awarded to:  
Dr Michael Burrows FRS  
Terrie Smith  
Dr Richard Soref  
Aruna Sundararajan
- The IET Volunteer Medal: Paul Meenan
- The Paul Fletcher Award for Young Professionals: Tan Wee Ser
- The Mike Sargeant Career Achievement Medal: Anirudh Koul
- The Sir Henry Royce Medal for Young Professionals: Dr Robert Hoye
- The Apprentice of the Year: Thomas Sutherland
- The Technician of the Year: Jonathan Potter
- The Armed Forces Technician of the Year: Warrant Officer class 2 (WO2) Kay Howells
- The Young Woman Engineer of the Year: Ying Wan Loh
- Recipient of the Women's Engineering Society Prize: Dr Claire Lucas
- The Mary George Memorial Prize for Apprentices: Samantha Mangowan
- The Gender Diversity Ambassador Award: Wg Cdr (Retd) Glynis Dean

**IET Honorary Fellows in 2019**

- Professor Jim Al-Kalili OBE FRES
- Eur Ing R Gordon Dixon BSc
- Dame Ann Dowling OM DBE FEng FRS

*IET Present Around the World winner  
Padmanabhan Krishnamurthy accepting his  
award from IET President Peter Bonfield*



## A F Harvey Prize

The IET's A F Harvey Engineering Research Prize, worth £350,000, is named after Dr A F Harvey who bequeathed a generous sum of money to the IET for a trust fund to be set up in his name which is for the furtherance of scientific research into the fields of medical, microwave, laser or radar engineering.

Recipients of the funding are invited to deliver a lecture outlining the research that won the research prize.

Professor Mário G. Silveirinha, from the University of Lisbon was selected as the 8th recipient of the prize, for his outstanding work and contributions to research in the field of radar and microwave engineering, specifically in the electrodynamics of metamaterials and its applications to microwave components and devices.

We were pleased to welcome Professor Silveirinha to Savoy Place in London in March 2019 to deliver a lecture. His talk, Time Reversal Symmetry Breaking with Motion, explored how his ideas may enable the one-way propagation of microwave and terahertz waves that are totally immune to the undesired effects of back-scattering by obstacles, imperfections, and other deformations of the propagation path. This could open up a world of more compact electromagnetic isolators, novel light sources, better waveguides and more efficient energy harvesting.



*2018 IET A F Harvey Engineering Research Prize winner, Professor Mario G Silveirinha with Mike Carr and Nigel Fine*

Professor Jelena Vuckovic is the 2019 winner of the award. Professor Vuckovic has established herself as one of the most distinguished researchers in nanoscale and quantum photonics of her generation and has delivered a webinar in 2020 about her prior research in the field of photonics and how the prize funding will be used to further her research.

## Present Around the World

While we champion technical and professional excellence, we recognise that many young professionals may be looking for support for their non-technical skills. With this requirement in mind, we devised our Present Around the World (PATW) competition, which is designed to give young engineers and technologists an opportunity to develop their formal presentation skills.

# Padmanabhan Krishnamurthy



This is a large scale competition which is run globally via links with our Local Network volunteers. From more than 100 on and offline heats, 5 finalists were selected who competed at the Global Final, which took place in November.

The 2019 winner was Padmanabhan Krishnamurthy, a third-year student of Computer Science at the Hong Kong University of Science and Technology. His winning presentation centered on automated lip reading using deep learning.

The 2019 runner up was Amy Chen, currently in her first year in the Doctor of Medicine degree at Queen's University School of Medicine in Canada. Her presentation explored human waste-derived bioplastic and its potential impact on the exploration and colonisation of Mars.

## What we said we would do

Strategic KPI	2019 target	2019 outcome
Number of non-student and apprentice members below the age of 40	39,257	39,928
Number of new registered members	2,075	3,451

## What we achieved

### Non-student and apprentice members below the age of 40

As a result of our staff and volunteer efforts we were able to closely match our target for 2019. This KPI will be carried through to 2020 and beyond as a measure of our efforts to ensure that there is a significant pipeline of engineers and technologists ready to take up the challenges of the 21st Century.

### Number of new registered members

We were able to exceed our target for the number of new registered members by 1,376. This was a huge achievement by our staff and volunteer teams, with the final result being driven primarily by a high number of applicants from the UK Armed Forces, underpinned by work internally to reduce registration application processing times.

As with our non-student and apprentice members below the age of 40 metric, we will carry this performance indicator forward in 2020 and beyond as a measure of our ambition to champion professionalism in the community. Future targets will be appropriately ambitious as a response to our 2019 overachievement.

# Education, policy and awareness

## We believe in supporting the next generation of engineers and technicians

We offer support to teachers through the delivery of classroom resources, posters and engineering careers information. Our curriculum-linked teaching materials include lesson plans and classroom activities, films of engineering case studies, engineering profiles and more.

However, we're aware that in order to make sure that the next generation of engineers is well equipped academically and at a scale that can make a difference, we'll need to do more than limit our work to the classroom.

We also need to engage with society in general, to ensure that people are aware of the huge difference that engineering is making, and with Government, to ensure that engineering remains a valued and supported endeavour.

As a result, we work tirelessly to:

### Grow our Education activities

As noted above, one of our primary objectives is to encourage young people to choose science, technology, engineering and maths (STEM) subjects at school, college and university and to then consider engineering as a career.

To meet this challenge, we produce a range of resources for teachers and pupils, organise STEM activities and partner with organisations that share our goals. We provide fun, informative activities and opportunities for young people, alongside high-quality education resources for teachers.

### Push for positive coverage of engineering and technology developments

We want to inspire society and showcase the possibilities that engineering and technology offer. In order to do this we work hand-in-hand with media outlets and Governments to ensure that society is aware of the incredible impact that the profession has on society.

We also hope that by promoting engineering and technology, we can also help to inspire the next generation of innovators and help their parents understand the sheer breadth of opportunity and reward that come with a career in Engineering.

### Act as a voice for engineering

We provide resources to help inform and guide public policy formation, raise awareness of the value of engineering within Government and engage the public regarding their understanding of relevant technical issues.

The Institution promoted safety and standards to ensure that engineers and technologists operate within an environment that allows them to fulfil their potential.

With this in mind, we encourage diversity and inclusion in engineering and technology and we devise and execute campaigns that aim to make a tangible impact on inclusivity.





*Teamwork at 2018-19 Faraday Challenge Day*

## Education programmes

### IET Faraday Challenge Days

One of the cornerstones of our education activities is IET Faraday. Through this programme, we aim to provide teachers and schools with resources that will encourage the learning and uptake of engineering, computing, maths, design and science.

The IET Faraday Challenge Days are one day STEM activities that we deliver to schools free of charge.

They give students the opportunity to research, design and make prototype solutions to genuinely tough engineering problems, to enable young students to experience working as an engineer for a day. At each event teams compete to win a prize for themselves and a trophy for their school.

The event is set up and run by our team of STEM professionals to give teachers time to focus on their students. The winners of each event win prizes for themselves and a trophy for their school. The top teams from across the UK get funded to attend the National Final to compete for a cash prize of up to £1,000 for their school.

In our 2018/2019 season, we:

- Worked with more than 500 schools
- Reached over 6,000 Students
- Delivered just under 200 Faraday Challenge Days

The theme of the 2019 Faraday Challenge Days was space, with activities centered around the up-and-coming launch of the James Webb Telescope, which is the planned successor to the Hubble Telescope.

## FIRST® LEGO® League

LEGO® is a fantastic education tool loved by children all over the world – many of them are the potential engineers of the future!

We are an operational partner of the FIRST® LEGO® League, a global, robotics-based life skills competition with responsibility for running its UK and Ireland heats.

The science and technology challenge, which is aimed at 9-16 year olds, tasks teams to build a robot to tackle a series of missions, and create an innovative solution to a real world problem. Last year's INTO ORBIT<sup>SM</sup> challenge was all about space – how humans survive for extended periods in this environment.

Six students from Ralph Allen School in Bath were crowned champions of the UK and Ireland competition in February. Their team, L20, impressed the judges with their advanced robotics skills, as well as with their project, which is about improving the way astronauts carry out repairs to their spacecraft on long distance space missions. The team's solution is a temporary balloon-like enclosure that encompasses the whole craft and is pressurised with air to allow astronauts to work inside it without the need to wear cumbersome and restrictive spacesuits. The runners-up were Tech HEDs, a team of home-schooled students from Wiltshire.

In our 2018/2019 season we:

- Worked with just under 700 schools
- Reached more than 12,000 students
- Registered more than 1,800 teams

### Public affairs work

In a year dominated by change, Governments across the globe saw a number of competing issues, all vying for the political spotlight.

*2018-2019 FIRST® LEGO® League Winners*

However, our work in promoting engineering and technology solutions to these problems allowed us to remain very influential throughout the year.

Using the expertise of our volunteers, we were able to interact with the UK's Government across a number of themes, including:

- Electric vehicle charge points in residential and non-residential buildings
- The UK's national data strategy
- The future of UK aviation
- The future of Higher Technical Education
- The defragmentation of spectrum holding in the 3.4-3.8MHz band

### What we said we would do

Strategic KPI	2019 target	2019 outcome
A bespoke measure of IET's impact in the media	9,250	9,349

### What we achieved

We use a bespoke metric called 'Quality Coverage' to measure the effectiveness of our media engagement. This metric produces a score for each item of coverage against a set of criteria which is 'weighted'; with high scores being given to those that mention key themes or feature IET spokespeople, for example. This metric guides the Institution to focus on gaining positive coverage for our key messages and themes via quality media outlets.

We were able to fully meet our Quality Coverage score of 9,250, with a global score of 9,349 achieved.

This result was achieved via various campaigns, focused on a number of territories, that attracted interest from mainstream and trade press.

More information on the campaigns we created this year can be found on page 33.



# Communications

## IET communication campaigns during 2019

The following pages highlight the key campaigns and research we carried out during 2019 to continue our commitment to engineering a better world.

Our objective is to encourage diversity and create real change to inspire the next generation to consider engineering and technology as a possible future career. Our campaigns strive to highlight the variety of talent across the industry to present real-life role models for all walks of life.

### Engineer a Better World

We have continued to encourage and attract young people into engineering through our Engineer a Better World campaign. It is a platform to highlight to children and their parents the exciting and creative opportunities engineering careers offer.

### CHILDWISE research

Building on research from 2015, we commissioned CHILDWISE to explore what factors inform parents' and children's opinions of engineering and technology as potential career areas. The report also looked at what might be preventing parents from more actively promoting these careers, and what might encourage them to do so.

The research found that children's love for Science, Technology, Engineering and Maths (STEM) is on the decline, with interest in Science amongst 9 to 12-year-olds falling 10%, Design and Technology down 12% and ICT/Computing falling furthest at 14% over the last four years.

The poll, which also surveyed primary and secondary teachers' perceptions of STEM education, also found that time pressures of having to teach the full curriculum was the biggest obstacle in engaging pupils in STEM subjects (72% of primary and 63% of secondary teachers) which could be linked to the decline.

More than half of primary school teachers (57%) also reported poor resources as a factor, whereas class distractions (42%) and a lack of pupil interest (42%) provide the biggest difficulties for secondary teachers.

The gender divide among children also presents an issue. Amongst 6 to 15-year-olds Maths tops the poll as girls' and boys' favourite subject (more than 2 in 5), girls enjoy Art (56%) and English (38%) the most, whereas boys are most interested in Maths (49%) and ICT (46%).

This poses fresh concern for the future of careers in STEM fields, such as engineering and technology, where reliance on Physics still remains a key requirement, and what more can be done to support the education system in bolstering children's interests in these fields.

It seems however that perceptions of engineering and technology careers are on the up with more than half of children describing engineering as skilled, followed by around two in five who think they are interesting, difficult, creative or important with words such as messy and dirty on the decline.

To read 'Inspiring the next generation of engineers', please visit [engineer-a-better-world.org](http://engineer-a-better-world.org)

*BBC Birmingham opened their doors to children, parents and teachers for our Engineering Open House Day on 26th July 2019*





*Engineering Open House Day, visitors at ThinkTank, Birmingham*

### Engineering Open House Day

Engineering Open House Day took place for the fifth year running on Friday, 26 July 2019 with over 50 events taking place up and down the country and more than 4,000 parents and children attending.

Each year, this fun and educational day highlights the important roles that engineers play in everyday life, with venues taking part demonstrating the creativity and excitement behind engineering and technology careers.

Companies such as Amazon, Ofcom, Royal Mail and BBC Birmingham opened their doors for a behind the scenes experience. The events demonstrated the variety of exciting roles available within Science, Technology, Engineering and Maths (STEM) industries to motivate and inspire children to pursue these careers.

### Life on Mars

As part of the 2019 Engineer a Better World campaign, we teamed up with the comic Beano to run a Life on Mars competition. We challenged six to 13-year-olds to choose an item they couldn't live without on Mars and re-design it for life in space.

The competition focused on getting children to engage with the world of aerospace engineering and encouraged them to think about the changes needed for life on another planet using STEM skills to re-engineer their favourite item.

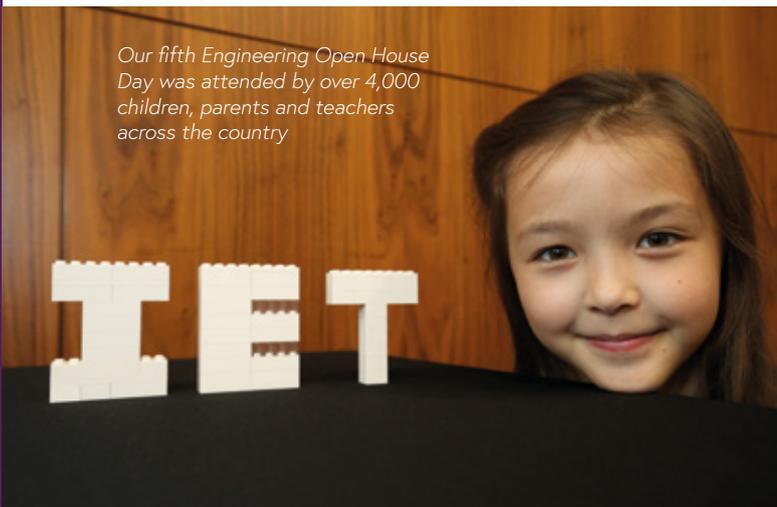
The winner of the competition was 10-year-old Elin who re-designed a clarinet that could work in space. The clarinet was developed into a 3D prototype and was sent to the edge of space. Elin attended the launch with Young Woman Engineer of the Year winner Sophie Harker, and she was transformed into a cartoon character alongside Dennis and Gnasher in the Beano!

As part of the campaign we asked young people their views on the future of the planet and how they feel about space exploration. The study showed nearly half of under 16's believe a human colony on Mars will be established in their lifetime

### Young Woman Engineer of the Year Awards

At the 2019 Young Woman Engineer of the Year (YWE) Awards we introduced a new Gender Diversity Ambassador Award to recognise an individual that has gone above and beyond by giving a large proportion of their career to gender equality in engineering.

*Our fifth Engineering Open House Day was attended by over 4,000 children, parents and teachers across the country*



*Life on Mars winner, Elin, with 2018 YWE winner Sophie Harker*





*Sandi Toksvig hosting at the Young Woman Engineer of the Year Awards 2019*

The first recipient was (retired) Wing Commander Glynis Dean for her outstanding contributions to the Royal Air Force (RAF) Youth and Diversity Team.

The Awards celebrate the amazing achievements of exceptional young female engineers who are inspirational STEM ambassadors for the next generation.

The 2019 awards were hosted by Sandi Toksvig and featured an inspirational speech from June Sarpong.

Ying Wan Loh was awarded Young Woman Engineer of the Year. She is an exceptional example to young girls and wants to show them they have the power to change the world!

Dr Claire Lucas was awarded the Women's Engineering Society (WES) Award and Samantha Magowan won the Mary George Memorial Prize for Apprentices.

Finalists included Shrouk El-Attar, Amber O'Connor and Charlotte Buffey who were all highly commended.

All winners and finalists will play an ambassadorial role in upcoming months with many of them having already participated in interviews and featured in the media following the ceremony in December.

### **#IAmAnEngineer**

This year, the IET launched another successful social media campaign to challenge industry stereotypes and present a better representation of the industry. #IAmAnEngineer presented diverse role models by featuring video clips of real-life engineers. The #IAmAnEngineer campaign video features 23 real life engineers from all backgrounds and walks of life and is designed to alter outdated perceptions within engineering. The video showcases engineers celebrating their uniqueness and how the engineering community has supported them.

The campaign started in conjunction with International Women in Engineering Day, after new research showed that 64% of British women are considering taking on careers in engineering despite there only being 12% (Engineering UK) currently in the industry.

Research shows that a lack of females within engineering can be attributed to a lack of visible role models, with 17% of women suggesting this is an issue. To tackle this, the campaigns aimed to present more visible role models to encourage under-represented groups to consider a future in engineering. #IAmAnEngineer focuses on highlighting diversity across engineering and technology as a whole, not just gender.



# Financial Review

## Operating model

The IET undertakes a diverse range of activities in pursuit of its charitable objects. Funding is principally achieved through a combination of fee-charging and primary purpose trading, together with contribution from the IET's trading subsidiaries. This allows the IET to support a range of net-cost activities including education and policy work and the provision of significant digital resources to the broader engineering community, often without charge.

To achieve its objectives the IET needs to provide its services over the long-term and therefore aims to achieve a sustainable balance of income-generating and net-cost activities over its financial cycle. Given the IET's exposure to highly competitive and relatively mature publishing markets, the Institution continues to actively develop its products and services while managing the portfolio of activities to maximise its charitable impact in a financially sustainable way.

Operational budgets are one of the IET's strategic KPIs and this KPI was achieved in 2019 with actual income being in excess of budget and expenditure being below that budgeted.

## Financial outcomes in 2019

Group income generated in 2019 amounted to £65.6m, split as shown below (2018: £68.7m). Group expenditure in 2019 was £67.3m (2018: £65.4m).

Consolidated net income for the year was £15.8m (2018: net expenditure of £0.3m) before remeasurement of the defined benefit pension schemes and was entirely driven by significant unrealised investment gains. The activities undertaken in the year were carried out within the framework of budgetary control approved by the Trustees and all the income of the charity alone have been deployed on charitable activities or retained in the charity's reserves (see Note 16).

Membership and Professional Development income grew by 3.1% year-on-year and marginally exceeded expectations, and this was driven predominantly by annual membership fee increases together with healthy demand for professional registration amongst the UK Armed Forces. Total membership was broadly in line with last year. As expected, India membership fell marginally due to a shift in emphasis towards activities that have an impact on competency and skills, and a continuing extension of the IET's influence in relation to technology innovation and problem solving in areas of high public importance. Resources in China continue to build close relationships with academic institutions generating high quality journal content. Successful engagement with employers – particularly small and medium enterprises in the UK – coupled to the IET's approach towards career stages, professional development and registration provide many opportunities to build lasting relationships.

Fig.1: 2019 Income analysis

Trading	£11.4m
Knowledge Services	£28.7m
Membership & Professional Development	£19.1m
Education, Policy & Awareness	£0.4m
Share of profit in joint venture	£3.0m
Investment & other (incl. donations and legacies)	£3.0m



Within Knowledge Solutions and Services, income demonstrated a year-on-year decrease approaching 14%, explained predominantly by the cyclical nature of the 18th Edition IET Wiring Regulations (BS 7671). The 18th Edition was launched in 2018 (mid-year) generating high sales volumes in that year. This is typically followed by lower volume demand in three to four subsequent years until the next Edition (or amendment) is compiled. Academic Publishing revenues were broadly in line with 2018 (at constant exchange rates). Enhancements to Inspec product functionality are being well received in the marketplace and will continue to improve customer retention going forwards.

Expenditure on Charitable Activities moved in line with expectations and investment in back-office systems and product development continued throughout the year. In order to support sustainable extension of its activities, the IET continues to identify process improvements and actively seeks opportunities to deliver high levels of customer satisfaction in the most cost effective way.

## Trading activities

The payments to the IET by its UK trading subsidiaries undertaking activity to raise funds for its charitable purposes are £4.8m (2018: £4.5m).

IET Services Limited undertakes professional magazine production and on-line recruitment advertising activities, as well as operating the rental of surplus IET accommodation and undertaking some of the group's event management.

IET owns 100% of the shares in IEE Conventions Limited (IEECL), which in turn has a 34% share in the profits of International Broadcasting Convention Partnership (IBC) and is accounted in IEECL's accounts as a joint venture; 34% of IBC's income and related expenditure are included in IEECL's accounts (as per Note 2). IEECL's profit for the year was £3.0m (2018: £2.8m).

## Balance sheet and cash flow

The IET's Group reserves and net assets increased in the year by £17.0m (2018: decrease of £5.9m). The more significant movements during the year were as follows:

- There were realised and unrealised gains in non-property investments in the year of £17.4m (2018: losses of £4.1m).
- The Savoy Hill House investment property was valued at £21.65m at 31 December 2019 (31 December 2018: £21.65m).
- Adjustment has been made in accordance with FRS 102 to recognise movements on the assets and liabilities of the IET's two defined benefit pension schemes. There were remeasurement gains of £1.2m during the year (2018: remeasurement losses of £5.6m).

Additional contributions totalling £1.2m were made to the two defined benefit pension schemes during the year (2018: £1.2m).

**Fig.2: 2019 Expenditure analysis**

	Trading	£5.1m
	Knowledge Services	£34.9m
	Membership & Professional Development	£18.5m
	Education, Policy & Awareness	£7.8m
	Fundraising costs and investment management	£1.0m



## Reserves policy

The IET reviews its Reserves Policy regularly and in particular it is reviewed annually by the Finance and Investment Committee. The policy is structured such that we can maintain our Reserves at a sufficient level to ensure long term financial sustainability, while at the same time providing protection against the risks that have been identified and included within our Strategic Risk Register.

Total charity funds at the end of the reporting period were £184.2m (2018: £167.2m). Included in this total are restricted funds of £15.5m (2018: £13.9m), which represent amounts for restricted purposes specified by the donors and therefore not available for the general purposes of the charity.

Within the unrestricted funds the Trustees have earmarked designated funds for specific purposes. These include Fixed Assets reserves of £29.5m (2018: £31.8m) which could only be realised by disposal of the IET's operational buildings and further amounts of £27.5m (2018: £25.2m) which are reserved to ensure those buildings can be refurbished or replaced over the medium to longer term. Further designations have been established to ensure funds are available to support future project investments.

The balance of the Charity's General Funds at 31 December 2019 was £98.3m (2018: £89.8m). Under Charity Commission definitions these represent the charity's free reserves. In setting and monitoring its Reserves Policy and position, the Trustees are mindful of the key financial risks in relation to ensuring the continuity (and growth) of its charitable activities. With this in

mind targets/monitoring parameters have been established in respect of key financial risks, including pension liabilities and volatility, operating and continuity risk and investment volatility. The overarching aim is to achieve a balance between achieving and maintaining a robust resilient financial position while using our funds to pursue the IET's long term objectives and mission.

The operations contingency is set at 6 months' future average expenditure and is designed to ensure that the charity can continue to operate fully in the short term in the event of an extreme event or set of circumstances occurring.

The revaluation contingency is set at 10% of unrestricted non-property investments and would insulate the IET from significant adverse movements in external financial markets, including investment values and currency movements.

The pension deficit is calculated on both the technical deficit basis and the basis that the Scheme was fully invested in index-linked gilts to identify a target range for reserves as shown in Fig. 3 below.

The Trustees remain mindful of the long-term nature of the pension scheme liabilities and that movements in the pension scheme liability will impact on the resources available for general application. The Trustees have previously closed the IET scheme to future accrual to mitigate some risk and continue to work closely with the scheme trustees to manage scheme-related risks.

During the year the Institution of Incorporated Engineers Pension and Life Assurance Scheme (IIE PLAS) was closed to future accrual with the one previously active member moving to

**Fig.3: Reserves coverage**

Charity only	2019 Lower range £m	2019 Upper range £m	2018 Lower range £m	2018 Upper range £m
Operations contingency	30.5	30.5	29.7	29.7
Revaluation contingency	11.8	11.8	10.2	10.2
Pensions deficit (technical basis)	2.7		7.5	
Pensions deficit (gilts-funding basis)		24.1		27.1
<b>Target range for reserves</b>	<b>45.0</b>	<b>66.4</b>	<b>47.4</b>	<b>67.0</b>
<b>Actual reserves</b>	<b>98.3</b>	<b>98.3</b>	<b>89.8</b>	<b>89.8</b>
<b>Reserves coverage</b>	<b>218%</b>	<b>148%</b>	<b>189%</b>	<b>134%</b>

deferred status. Assets and liabilities in respect of IIE PLAS deferred members were transferred to the IET SAS on 11 October 2019 by way of a bulk transfer. Liabilities and annuity policies in respect of IIE pensioner members were assigned to these individual members and the IIE PLAS is in the process of being wound-up. This will provide efficiencies to the IET.

In assessing Reserves that are above target range the Trustees have adopted a medium-long term perspective (up to 10 years) to target use of surplus unrestricted funds. By taking this longer-term view, on-going adjustment can also be made to the level of reserve spending to moderate short-term volatility. At present levels this implies an average drawdown of Reserves of c.£3.0m per annum for use in the IET's charitable activities.

In light of the IET's financial and risk environment the level of Reserves and the policy for utilising excess Reserves is considered to be appropriate.

## Going Concern

Since the year end reported, the impacts of the COVID-19 pandemic have been felt directly and indirectly by the IET both financially and in respect of delivering some of its charitable activities that have traditionally depended on physical attendance (see note 18 to the accounts).

The Executive team and Board of Trustees response has focussed on the health, safety and wellbeing of its staff and volunteers, together with maintaining charitable activity and impact as much as possible while remaining cognisant of protecting the financial position of the charity. Impacts of the crisis on the operating position, investment values and pension liabilities have been modelled and monitored in the context of IETs reserve position.

It is a requirement to consider going concern each year, and, although the impacts of the pandemic are significant and considerable uncertainty remains, the risk mitigations in place, together with a robust reserve position and the availability of liquid investment assets, mean the IET Trustees consider the organisation to continue to be a going concern.

## Investment policy

The Trustees' general powers of investment derive from (and are restricted by) the Trustee Act 2000. These powers are not restricted by the IET's Royal Charter, which states under clause 4:

4. "For the purpose of attaining the aforesaid objects the IET shall, subject to this Our Charter and the Bye-laws, have powers to do any act or thing and to administer the affairs and deal with the assets of the IET in all respects without any restrictions whatsoever and, in particular (but without limitation):
  - (d) to invest any monies of the IET, not immediately required for any of its objects, in such a manner as may from time to time be determined, subject nevertheless to such conditions (if any) and such consents (if any) as may for the time being be imposed or required by law and subject also as hereinafter provided;"

The Board of Trustees has delegated the responsibility for investment activities of the Institution to the Finance and Investment Committee and included in that Committee's terms of reference a requirement to ensure that the investments are managed in accordance with agreed policy and that this policy is clearly communicated in writing to the professional investment advisers engaged to undertake this activity.

The investment policy is reviewed annually by the Finance and Investment Committee and recommended to the Board of Trustees for approval.

The Finance and Investment Committee takes professional investment advice in developing the investment strategy and ensures that the investments of the IET held against the reserve funds and the trust funds are managed on behalf of the Board of Trustees in accordance with legislation and good practice.

All divestment transactions are approved by two authorised signatories prior to being transacted, unless such transactions have been delegated to a Fiduciary Manager. The investment signatory mandate is reviewed annually by the Finance and Investment Committee.

The IET's investment strategy, including strategic asset allocations and investment management approach is developed with our Investment Advisors (Mercer). The portfolio constitutes a significant proportion of the IET's total net assets and includes an investment property, Savoy Hill House, as well as a blend of non-property assets.

The IET's non-property investment portfolio comprises both Passive Investment Funds that track given investment indices and Actively Managed Funds which seek to out-perform an index or achieve a target return (net of fees) through the skill of the manager.

Investment risk is managed at an overall level by diversifying the investment portfolio between different asset classes and geographic markets together with maximum ranges for these allocations.

Liquidity risk is managed by periodic forecasts of the institutions cashflow requirements to determine tolerance to illiquid asset classes.

The IET's current investment strategy is aimed at providing medium-long term real returns with appropriate management of risk and delivering greater sustainable income over the long term for restricted funds.

The IET has taken investment advice on its strategy during the year and agreed to the following proposed changes in the investment portfolio for its unrestricted funds:

- The introduction of Multi-Asset Credit (MAC) and Emerging Market Debt (EMD) into the IET's fixed income portfolio to provide a higher yielding fixed income strategy. This follows the strategic sale of index-linked gilts approved earlier in the year;
- The introduction of Private Market investment into the Institution's portfolio to take advantage of the 'illiquidity premium'. The investment proposed for Private Markets has been set based on a maximum allocation of 15% of the Institution's non-property investment assets, subject to liquidity considerations.

The new strategy (see tables below) seeks to increase expected returns whilst maintaining the Institution's current risk profile through increased diversification of the asset portfolio.

Asset class	Performance benchmark	Strategic Allocation
Private Markets	Not applicable	up to 15%

Other asset classes will be allocated across the balance of the portfolio based on the following ratios:

Asset class	Performance benchmark	Strategic Allocation
Developed Market Equities	Composite Benchmark comprising of regional indices provided by FTSE and MSCI	36%
Emerging Market Equities	MSCI Emerging Markets Index	4%
Diversified Growth	3 Month Sterling LIBOR +3% per annum	12.5%
Multi-Asset Credit (MAC)	50% ICE BofAML Global High Yield Constrained Index 50% S&P US Leveraged Loans Index	12.5%
Emerging Market Debt (EMD)	J.P. Morgan GBI-EM Global Diversified Index	7.5%
Absolute Return Bonds	3 Month USD LIBOR +4-6% per annum	12.5%
<b>TOTAL</b>		<b>85%</b>

Following approval by the Board of Trustees manager selection and investment transfer strategies are required to transition to the new structure. The current asset allocations, together with the current investment strategy in respect of the Restricted (endowment) funds is shown below:

	Unrestricted Funds	Expendable Endowment	Permanent Endowment
<b>Global Equity</b>	<b>50.0%</b>	<b>50.0%</b>	<b>75.0%</b>
Developed Market Equities	0.0%	50.0%	75.0%
UK Equities	4.0%	0.0%	0.0%
North America Equities	27.0%	0.0%	0.0%
Europe Equities	8.0%	0.0%	0.0%
Japan Equities	4.0%	0.0%	0.0%
Pacific (ex Japan) Equities	2.0%	0.0%	0.0%
Emerging Market Equities	5.0%	0.0%	0.0%
<b>Diversified Growth Fund</b>	<b>25.0%</b>	<b>25.0%</b>	<b>0.0%</b>
<b>Unconstrained Bonds</b>	<b>12.5%</b>	<b>12.5%</b>	<b>0.0%</b>
<b>Index Linked Gilts</b>	<b>12.5%</b>	<b>12.5%</b>	<b>25.0%</b>
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The holdings of Index-linked Gilts were sold during the year and at 31 December 2019 the proceeds were held in BlackRock's Sterling Liquidity Fund pending allocation to the new strategy.

Cash balances arising from the results of operational and investment activities above that which is required for investing in ongoing operations are available for investment and normally invested externally and liquidated as reserves fall due to be utilised.

Money in the form of cash balances arising from operational timing differences will be placed on overnight or short to medium term deposit with a UK clearing bank (minimum A risk rated). There is a maximum limit for the IET Group ("IET") of up to £2m deposit with any one organisation. It is permitted to place short to medium term deposits with a higher risk (i.e. lower than A rated) bank or building society if it is cost effective, subject to approval by the Finance and Investment Committee. Where the overnight deposit accounts, which are maintained with IET's principal bankers, temporarily exceed that required for investment in ongoing operations (e.g. in January following significant numbers of membership receipts), the IET seeks to identify suitable deposit accounts with alternative providers as quickly as possible.

The IET will not enter into any contract-based foreign currency hedging.

The Trustees have considered in detail the requirements of the Charity Commission's Guidance note "Charities and investment matters: a guide for trustees" (CC14).

The Trustees believe that Environmental, Social and Governance (ESG) factors can have a material impact on investment risk and return outcomes and that good stewardship can create and preserve value for companies and markets. The Institution is committed to the principles of good governance and sustainability and reflects that in its investment policy.

The Institution therefore requires its investment managers to have an ESG Policy in place in the selection, retention and realisation of investments, for all asset classes held by the Institution, and that all its managers have a well-developed focus on governance factors and the ability to demonstrate at least some indication, and preferably demonstrable evidence, of progress in stewardship with respect to environmental and social factors.

The Finance and Investment Committee use ESG ratings and research information provided by their investment advisor, Mercer, to monitor the level of an investment manager's integration of ESG into their investment process and philosophy.

ESG considerations are also a standard part of the selection process when appointing new fund managers.

The Trustees have not excluded any asset type, or individual investments in light of its charitable objectives or ESG policy. However, within its allocation to private markets, the IET considers that funds which focus on sustainable investment strategies will positively impact the application of science, engineering and technology to achieve public benefit.

The IET Superannuation & Assurance Scheme closed to future accrual on 31 March 2012. As part of the arrangement to close to future accrual the IET created a Security Agreement in favour of the Trustees of the Scheme. As continuing security for the obligations and liabilities of the IET to make payments to the Scheme under the terms of the Security Agreement the IET charged, by way of a first floating charge, a segregated proportion of its investments held. At 31 December 2019, the value of the floating charge was £10m (2018: £10m).

## Investment performance

The Institution's non-property investment portfolio is monitored through monthly reports for management accounting purposes as well as quarterly performance reports which are reviewed at every meeting by the Finance and Investment Committee and include our investment advisor's view of both investment management and ESG ratings. The Institution's investment property is valued annually.

For Passive Investment Funds, a desk research exercise is carried out every three years, with the assistance of the IET's investment advisers, to reaffirm the Investment Manager's credentials and suitability. For Actively Managed Funds, each new selection is managed on a case-by-case basis and a detailed review of past performance is carried out annually for such funds with the relevant Investment Manager.

The Committee monitors investment performance of equities and bonds against relevant benchmark indices and actual performance against those indices was met during the year for all managed funds. Total net investment gains and income from the BlackRock managed non-property investment portfolio during the year was £18.2m (2018: net loss of £3.4m).

The BlackRock Dynamic Diversified Growth Fund is measured against the fund objective of 3-month LIBOR +3% over a rolling 3 year period. Its average annual performance over the three years 2017-2019 was LIBOR +5.2% and in 2019 its performance was LIBOR +9.9%. The Fund performed strongly during 2019, driven mainly by the strong contribution from developed market equities. The BlackRock Global Corporate Bond Portfolio held within the Fund was also a key performer that contributed to the Fund's performance over the course of the year by adding continuously positive returns. Over 2019, the main detractors to the overall yearly performance were the uncertainty regarding the Brexit outcome and the trade tensions between US and China.

The BlackRock Fixed Income Global Opportunities Fund (Unconstrained Bonds) returned 6.1% net of fees in 2019 which was mainly due to the Fund's exposure to US investment grade credit and high yield across the world generally. During 2019, there were no notable detractors to the Fund's performance, with every single strategy contributing to the positive yearly return.

The performance compared to Benchmark of the main constituent parts of the IET's Non-Property Investment Portfolio for 2019 was as follows:

	Benchmark 2019	Actual 2019	Over/(Under) Performance
Developed Market Equities	22.7%	22.9%	0.2%
UK Equities	19.2%	19.1%	(0.1)%
North America Equities	25.7%	25.8%	0.1%
Europe Equities	20.0%	20.7%	0.7%
Japan Equities	15.0%	15.1%	0.1%
Pacific (ex Japan) Equities	13.8%	13.9%	0.1%
Emerging Market Equities	13.9%	13.9%	0.0%
Diversified Growth Fund	3.8%	10.7%	6.9%
Unconstrained Bonds	n/a	6.1%	n/a

Furthermore, the 3 year 2017 to 2019 performance against Benchmark (annualised) for those elements of the Portfolio that have been held over that period was as follows:

	Benchmark 2017-19 Annualised	Actual 2017-19 Annualised	Over/(Under) Performance
UK Equities	7.0%	7.1%	0.1%
North America Equities	11.6%	11.7%	0.1%
Europe Equities	7.8%	8.5%	0.7%
Japan Equities	6.4%	6.5%	0.1%
Pacific (ex Japan) Equities	7.6%	7.6%	0.0%
Emerging Market Equities	9.0%	9.1%	0.1%
Diversified Growth Fund	3.6%	5.8%	2.2%
Unconstrained Bonds	n/a	2.6%	n/a

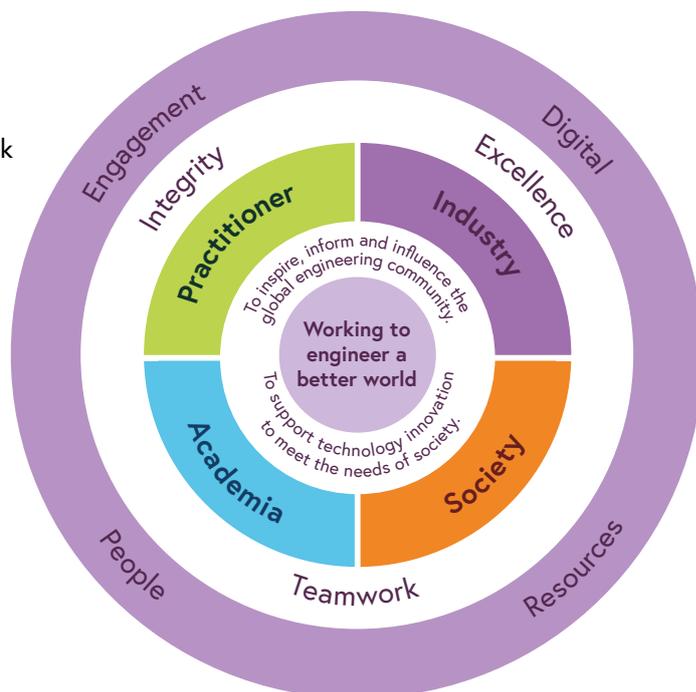
# Our plans for the future

## Developing our Strategic Framework

IET has recently refreshed its strategic framework with the support of our volunteer governance.

As a result, we spent 2019 developing a new set of Strategic Key Performance Indicators, which will not only measure and practically demonstrate our goals and achievements with regards to the framework, but will also help us to refine our activity set.

The newly proposed KPIs are outlined below based on expected targets identified prior to the development of the coronavirus (COVID-19) pandemic. Some of the KPIs are now expected to be missed as a result of COVID-19. Some of the metrics will also be measured for the first time in 2020 and the year will be spent further understanding our activities across the span of a year and will provide benchmark data. This benchmark data will equip us to understand the impact of the COVID-19 pandemic and set challenging and productive targets in these areas from 2021.



## Key performance indicators

Strategic Objective	Key Performance Indicator	Target
<b>Society</b>		
We want every child to think positively about engineering and will ensure that they have the opportunity to become an engineer	Annual numbers of young people, parents and teachers that are engaged with an IET initiative/resource	86,140
We promote engineering solutions that solve world problems	Societal Engagement with IET identified messages, themes and campaigns <sup>(1)</sup>	500 Quality Coverage Points
We support Government to adopt effective engineering and technology solutions	Government Engagement with specific engineering topics that the IET is targeting for adoption <sup>(2)</sup>	To be benchmarked in 2020
<b>Practitioner</b>		
We enable our community to demonstrate competency, professionalism and achieve recognition	Annual numbers of IET members achieving Engineering Council Registered status in year	2,590
We provide relevant, inspiring, and up-to-date knowledge and lifelong learning	Annual number of users engaged with IET Learning and Development products	4,468
We connect and promote a diverse, inclusive and engaged profession	Annual number of members under the age of 40 (excluding students and apprentices)	37,140

Strategic Objective	Key Performance Indicator	Target
<b>Industry</b>		
We work with industry to understand its needs and meet the need for skilled professionals	Number of students engaged with IET On Campus activities	To be benchmarked in 2020
We share technology innovation and promote engineering best practice	Event attendees and Net Promotor satisfaction from a clearly defined mix of event categories (Net Promoter Score to be benchmarked)	5,485
We set high professional and ethical standards to deliver safe and reliable solutions to industry	IET proliferation of knowledge and guidance on ethical principles and practices in the design of engineering and technology developments	To be benchmarked in 2020
	Percentage of IET Scholars entering the profession	To be benchmarked in 2020
<b>Academia</b>		
We deliver insight and intelligence to enable effective and innovative research	Inspec Market Penetration	23.5%
	Inspec Analytics usage and satisfaction	50.0%
We facilitate the application of engineering and technology research to create sustainable impact	Average journal impact factors	To be measured in 2021
We promote high-quality trainee and student learning	IET Accredited University Schemes as a proportion of the addressable market	To be measured in 2022

## The IET@150

The next two years will be a busy period for the IET as we get ready to celebrate our 150th anniversary.

Preparation on how we mark the milestone started in the Spring of 2019 when we started to research how our members and other stakeholders wanted us to celebrate the anniversary. Through surveys, group sessions and interviews we discovered that, while celebrating the IET's history is very important, people wanted the celebration to also focus on supporting the organisation's mission to engineer a better world and inspire the next generation.

Further public research highlighted a problem with the perception of engineers, with people of all ages unable to explain what engineers do. More worryingly for the future of the profession, we heard how many parents are struggling to describe the impact engineers have on society, as well as supporting their children with STEM (science, technology, engineering and maths) homework.

A programme team has been set up to oversee the delivery of a range of activities which will take place from October 2020, to coincide with our presidential year. The programme's sponsor is Danielle George MBE - Professor of Radio Frequency Engineering at the University of Manchester – who will be our President during our anniversary year.

We currently have more than 20 activities planned throughout the year, including a global campaign involving young people, souvenir editions of some of our publications, volunteer events, a presence at the World Expo in Dubai, the establishment of an IET youth club, thought leadership activities and a social impact programme.

## Societal challenges

The challenges facing mankind have evolved; the climate emergency, the rapid pace of digital transformation, the fourth industrial revolution and rapidly changing healthcare needs are amongst the challenges facing us today. All of these require a similar commitment to innovation, ethics and competency; an agenda that focusses on the safe and reliable adoption of technology for the benefit of society, continuing the relevance of the IET into the future.

We have identified five societal challenges that have a direct relevance to its audiences and activities and that we believe we can have an impact on: Sustainable Planet, Healthy Lives, Digital Futures, Smart Infrastructure and Smart Manufacture.

Two of the challenges, Digital Futures and Sustainable Planet, have been prioritised for immediate focus by the organisation, with the rest to be addressed subsequently.

### **Sustainable Planet**

The key engineering and technology challenge for Sustainable Planet is the pace of development and adoption of viable, economic technologies that will allow societies to move away from reliance on unsustainable technology and infrastructure. Therefore, the objective for this challenge is to 'Accelerate the pace of development and adoption of new sustainable technology'.

### **Digital Futures**

With the pace of development of digital technology already high, we can have the greatest impact by focusing on driving the adoption of standards, ethical frameworks and professionalism within the digital engineering discipline as well as supporting the development and professionalisation of new sectors and disciplines as they emerge. Our initial objective for this challenge is therefore: 'Create and drive adoption of professional standards and an ethical framework to new Digital Engineering disciplines'

During 2019 the initial discovery and scoping of these challenges was undertaken, with plans for the governance and smooth running put in place. In 2020 we aim to start using these programmes to change the direction of our business as usual activities, ensuring a higher focus on these two topics and identifying new areas where we can increase our impact.

# Structure, governance and management

## Organisational structure

The IET was founded in 1871 and incorporated by Royal Charter in 1921. The current Royal Charter of the IET was allowed by the Privy Council on 14 November 2007 and came into effect from 1 January 2008, and the current Bye-laws were approved by the Privy Council on 27 September 2016 and came into effect on 1 October 2016.

The Board of Trustees comprises of the charity trustees of the IET and meets regularly throughout the year to conduct the business of the IET in accordance with the Royal Charter and Bye-laws. Key issues discussed by the Trustees during the year included:

- 150th Anniversary of the IET in 2021
- A F Harvey Engineering Research Prize
- Achievement Medals
- Amendment of the Rules of Conduct and Disciplinary Regulations
- Amendment of the terms of reference of Boards and Committees
- Amendment of the terms of reference of the Fundraising Campaign
- Annual Plan and Budget
- Annual Report and Accounts
- Annual reports on Complaints, Fundraising Campaign, Health & Safety and Policy Panels
- Career Manager
- Corporate Communications
- Cybersecurity Alliance
- Equality, Diversity and Inclusion Strategy
- Gender Pay Gap Report
- Governance Review undertaken by Crowe UK LLP
- IET Academy
- Foothold, The Institution of Engineering and Technology Benevolent Fund

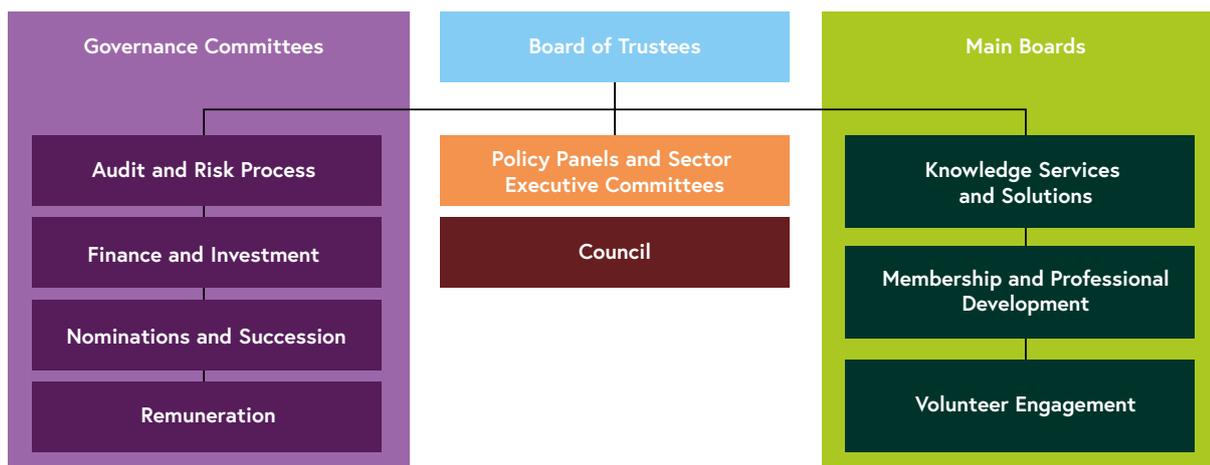
- India Operating Model
- Industry Stakeholders
- Know Your Customer Project
- Members Annual Information Event
- Membership Subscriptions
- Membership Survey
- Merger of the IIE Pension Scheme with the IET Superannuation and Assurance Scheme
- Proposals for the refurbishment of Michael Faraday House
- Readmission of a person expelled from membership
- Report from the Bye-laws Review Working Party
- Reports from Main Boards, Committees and Council
- Risk Strategy and Appetite
- Safeguarding of Children and Adults at Risk
- Serious Incident Reporting
- Skills Audit of Trustees
- Societal Challenges and End-to-End Strategy
- Strategic Engagement and Partnerships
- Strategic Key Performance Indicators
- Trade Mark Renewals
- Transparency in Supply Chains Statement

Minutes of the Board of Trustees' meetings, together with open Board papers can be found on the IET website.

The Trustees have established a structure of Boards and Committees from within the membership to monitor and control key areas of the IET as shown in the graphic below. Terms of reference for each of these bodies can be found in the About Us area of the website.

Individual Trustees are appointed to membership of these Boards and Committees alongside non-Trustee members to ensure strong communication and co-ordination of decision-making.

**Fig.4: Governance structure**



## Trustee election, induction and training

Trustees are normally elected by the membership from candidates who are either proposed by the Trustees, based on appropriate skills and competencies, or are nominated by 10 or more members. The President and Deputy Presidents are appointed by the Board of Trustees.

All new Trustees are provided with an Induction Pack, including relevant Charity Commission publications, which outlines the responsibilities and role of a Trustee and provides key information about the organisation and its management.

Trustees are invited to attend orientation meetings with the President and senior staff and are asked to attend an induction seminar delivered by an external expert. They have access to the services of the Governance Department which maintains a training log and provides information and support as required.

## Membership

Membership of the IET is open to any individual with an interest in science, engineering or technology. The institution is not constituted for the gain of its members and members have no claim over the property of the Institution. However, as a membership body, engagement of members in the activities of the IET is key to the successful delivery of its mission.

Members enjoy key rights and responsibilities as defined in the Royal Charter and Bye-laws, and participation as volunteers in both governance and delivery processes ensures their influence on decision making. In addition, the IET undertakes an annual membership survey, holds an annual Membership Information Event and brings volunteers together for training events as required.

## Decision-making

Trustee roles	Appointed (from 1 October)	Retired (from 30 September)	Attendance (actual/ potential)	Other governance roles
Ms Y Akinola	2018		7/7	
Dr C M Arthur (Honorary Treasurer)	2018		6/7	Audit and Risk Process Committee Finance and Investment Committee Knowledge Services and Solutions Board Membership and Professional Development Board Volunteer Engagement Board
Dr I S Belger	2018		5/7	Nominations and Succession Committee
Mr A R Bevington	2016	2019	4/5	Membership and Professional Development Board (until 30 Sep) Nominations and Succession Committee (until 30 Sep)
Professor P T Blythe (Vice President)	2019		2/2	Membership and Professional Development Board (from 1 Oct) Nominations and Succession Committee (from 1 Oct)
Dr P W Bonfield (President)	2013		7/7	Audit and Risk Process Committee (until 30 Sep) Finance and Investment Committee (until 30 Sep) Nominations and Succession Committee Remuneration Committee
Ms J K Bryant (Vice President)	2017		6/7	Audit and Risk Process Committee Finance and Investment Committee
Mr M D Carr	2016		7/7	Nominations and Succession Committee Remuneration Committee
Mr J Dunn	2018		7/7	
Professor D A George (Deputy President)	2017		5/7	Audit and Risk Process Committee Finance and Investment Committee Nominations and Succession Committee Remuneration Committee
Dr S C A Harrison (Vice President)	2017		7/7	Knowledge Services and Solutions Board Nominations and Succession Committee

Trustee roles	Appointed (from 1 October)	Retired (from 30 September)	Attendance (actual/ potential)	Other governance roles
Dr A C Harter (Vice President)	2019		2/2	
Mrs V M Hodge	2016	2019	5/5	Nominations and Succession Committee (until 30 Sep) Volunteer Engagement Board (until 30 Sep)
Miss S E Hubbard			7/7	Audit and Risk Process Committee Finance and Investment Committee Nominations and Succession Committee
Dr G Katragadda (Vice President)	2019		2/2	
Professor J A Noble	2016	2019	1/3	
Ms D E Ohlson (Vice President)	2019		2/2	Nominations and Succession Committee (from 1 Oct) Volunteer Engagement Board (from 1 Oct)
Ms A Randall	2017		5/7	
Mr N P Winser	2013	2019	3/5	Nominations and Succession Committee Remuneration Committee
Air Marshal Sir J A Young (Deputy President)	2016		4/7	Audit and Risk Process Committee (from 1 Oct) Finance and Investment Committee (from 1 Oct) Nominations and Succession Committee (from 1 Oct) Remuneration Committee (from 1 Oct)

The Trustees have approved and put in place formal Delegations of Authority, which are accessible to all staff within the IET. The Royal Charter and Bye-laws require certain decisions to be taken by the IET in General Meeting.

Within these constraints it is the policy of the Board of Trustees that authority shall be delegated to the greatest extent compatible with the Trustees' overall direction and control of the IET and to the point in the IET where it can be exercised most effectively. The Trustees retain responsibility for all acts taken under these delegated responsibilities.

An annual business planning cycle is in place resulting in the production of a rolling three-year IET Plan. The Trustees also meet outside routine Board meetings to review key strategies and organisational objectives, as well as to review and approve the output of the planning process. Input to strategy and plan development is provided by the Main Boards and Council and informed by member and user feedback as well as structured research. The Trustees monitor progress on a regular basis against strategic objectives and budgets set out in the IET Plan.

The Trustees also ensure strong communications with key Boards and Committees through committee membership as follows:

### Effectiveness reviews

The Main Boards and Committees of the IET complete an annual exercise to identify skills gaps and assess the effectiveness of the relevant board or committee. Periodically, the IET also commissions an external organisation to review the effectiveness of the Institution's governance arrangements and the most recent review was conducted in early 2019 by Crowe UK LLP, following which an action plan was approved by the Board of Trustees.

## Remuneration of key management personnel

The key management personnel of the charity comprise the Trustees and key staff, being the Chief Executive and Secretary and other members of the Executive Team who are routinely in attendance at Board of Trustees meetings.

The IET's policy is that no Trustees are remunerated for their services as a Trustee.

There is a Remuneration Committee made up of both current Trustees and other members appointed by the Trustees. The Committee has responsibility for agreeing the pay and remuneration of the charity's key staff on an individual level and has access to external professional advice which includes benchmarking, market trends and advice on structuring of incentives.

The key staff are currently remunerated by a combination of base salary and benefits, together with bonuses. The objectives set for the Chief Executive and Secretary (CES) and Executive Team have both corporate (short-term and long-term) and individual performance elements and are aligned to the strategic objectives of the IET to promote the long-term success of the organisation.

Performance against the IET's values and individual objectives are assessed in the first instance by the President for the CES, and by the CES for the Executive Team and outcomes for all objectives are reviewed by the Remuneration Committee annually.

## Gender pay gap

In 2019, we undertook a review into our gender profile and pay gap.

The report, which measures the difference in average earnings between men and women across the organisation in the UK, was based on a snapshot of our workforce on 5 April 2019, following the requirements and methodology outlined in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, and our previous review, which took place in 2018.

The report shows that a gender pay gap remains within the workforce and that the Institution is committed building on work started in 2017 to proactively address and close the gap. Our commitments include focussing on our attraction and recruitment of women into more senior positions; fostering an equal, diverse and inclusive culture; ensuring we have the right reward mechanisms in place and focusing on the development and progression of women within the IET.

We have clear commitments as set out by our Equality, Diversity and inclusion strategy and we continue to measure our progress in increasing diversity and inclusion within the Institution against the Royal Academy of Engineering and Science Council Diversity and Inclusion progression Framework Tool to ensure we challenge ourselves to improve our approach to diversity and inclusion overall.

## Charity Governance Code

In February 2018, the IET adopted the Charity Governance Code for Larger Charities (2017) replacing the Charity Governance Code which was adopted by the IET in 2012. The Board of Trustees receives an annual report reviewing the use of, and compliance with, the Code. The majority of recommended principles within the Code correspond with the principles of the IET and where the IET has not adopted some of these principles the Board of Trustees receives an explanation of the reasons.

## Risk management

The Trustees have implemented a risk management strategy which includes the maintenance and regular review of a strategic and operational risk register. The Trustees regularly review the strategic risks and the risk management framework is supported by the work of the Audit and Risk Process Committee, as well as the Main Boards and Committees, which monitor certain strategic risks as delegated by the Board of Trustees.

Risk mitigation and management plans, including internal controls, are developed in agreement with the senior staff. The strategic and operational risk register informs the planning of Internal Audit work which is agreed by the Audit and Risk Process Committee and includes testing of internal controls.

More widely, risk awareness and management is promoted through induction training, skills audits, project management methodologies, the use of professional advisors and the recruitment of staff with specialist skills, including Internal Audit and Compliance.

The most significant strategic risks and uncertainties faced by the IET in 2019 are shown in the table below.

Overall, the Trustees are satisfied that the major risks have been reviewed and systems or procedures have been established to manage those risks, albeit that absolute assurance cannot be achieved.

## Strategic risk

## Principal mitigations

Maintaining systems integrity and <b>information security</b>	Appropriate information policies and procedures have been put in place and these are subject to both internal review and external testing. Risk assessments, incident management and business continuity procedures are also in place. Specialist role within the staff team.
Ability to meet <b>defined benefit pension liabilities</b>	The scheme has previously been closed to accrual. Risk reduction and funding approaches, including liability-driven investments and partial buy-in of liabilities have been agreed with scheme trustees. Long-term risks are supported by IET's own Reserve policy.
Ensuring compliance with <b>data protection guidelines</b>	Policies and procedures in place and training provided. Specialist role within the staff team.
Threats to the level of <b>publishing revenues</b>	The IET's financial model depends on contributions generated from mature publishing products. Mitigations include close management of strategic partnerships and vendors, product development and new product initiatives.
Protecting the intangible value of <b>business assets</b>	Scanning for market trends and threats to business value together with appropriate development of existing products to maintain relevance.
Ensuring IET's <b>activities remain financially sustainable</b>	The IET has adopted a financial framework to structure budgeting. Mitigations include forecasting, strategic planning, portfolio management and sound procurement practices.
<b>Business continuity</b> and disaster recovery	With the support of external expertise, the IET maintains a Business Continuity Plan and tests it regularly based on simulated scenarios. The Business Continuity plan was triggered in February 2020 in response to the growing COVID-19 crisis and Executive (GOLD) and Management (SILVER) business continuity teams have closely monitored and managed the organisations response since that date.
Adequate <b>project management</b> capabilities for effective development	Standard project methodologies (including Agile) supported by structured Project Office procedures and Executive monitoring. Qualified and dedicated project managers are used for key projects.
Liabilities and reputational risk resulting from <b>publications, opinions and advice</b>	Use of suitably qualified staff together with robust editing and checking procedures. Up to date quality control systems in place.
Ability to maintain status and <b>influence in Public Policy</b>	Building key relationships, engaging on topics of relevance to government and ensuring a high quality of expertise within IET.
Adverse trends in <b>member demographics</b>	Recruitment focus on student and early career members. Development of engagement through IET On Campus and other Young Professional oriented activities. Increased engagement with engineering employers. Proactive marketing.
Safeguarding <b>children and vulnerable adults</b>	Ensuring suitable policy, procedures and checks are in place as well as mandatory training for all staff and volunteers.

## Related parties and collaboration with other charities

The IET controls six active incorporated subsidiaries as described in Note 2. These include two companies in the UK operating on a commercial basis, principally in the areas of room lettings, publishing and technical conference and exhibition management services.

The IET works in cooperation with Learned Societies, employers, educators and other bodies within the engineering and technology sector and in close partnership with the Engineering Council and Engineering UK. Cooperation includes the development of common standards, shared products, activities and promotional materials.

The IET is one of many Professional Engineering Institutions in the UK and collaborates in a number of ways with the objectives of leveraging the combined capabilities of these organisations for the benefit of society. IET provides office accommodation to the Women's Engineering Society and Formula 1 in Schools.

The Institution also collaborates with the IET Benevolent Fund (Foothold) who provide benevolent services to IET members and staff.

## Corporate Social Responsibility

As a registered charity, we exist to deliver public benefit and we achieve this primarily through the advancement of knowledge in science, engineering and technology to deliver solutions to the needs of wider society.

We promote and encourage ethical behaviour in the practice of these disciplines by all stakeholders. In so doing, we seek to raise the level of public trust and confidence in the positive contribution to society made by science, engineering and technology. In joining the IET, all members must agree to abide by the Rules of Conduct which aim to support members to take an ethical stance when balancing the often conflicting interests and demands of employers, society and the environment.

We have a shared set of values for our staff and volunteers and seek to develop the skills and opportunities of staff and volunteers as part of a single team.

Many of our members support the work of the IET Benevolent Fund (Foothold). In 2010, we became a patron of disaster relief charity RedR. RedR works on an international level to improve the effectiveness of disaster relief, by delivering essential training and support to relief organisations and their staff, and by providing skilled professionals to humanitarian programmes.

Each year the staff also selects charities for their own fundraising activity, which for 2019 were;

- The Alzheimer's Society
- Blue Cross for Pets
- The British Heart Foundation
- Lister Kidney Patient Association
- Luna Animal Rescue Centre
- MacMillan
- Mind
- RedR
- Save the Children
- SUDEP
- Walk the Walk

In addition to the expectations to protect the environment included within the members Rules of Conduct, we also seek to support environmental sustainability within its own operations.

## Modern Slavery Act Statement

The IET runs its activities with integrity. Modern slavery is a complex and multi-faceted crime and tackling it requires all of us to play a part. The IET is committed to preventing acts of modern slavery and human trafficking from occurring within its business and supply chain.

The Modern Slavery Act 2015 requires UK organisations with an annual turnover of £36m or more to report on the steps they are taking to ensure that modern slavery is not taking place in its supply chains, and published with a link to the home page on its website. This includes the IET.

The IET has an Anti-Slavery Policy in place and offers guidance on whistleblowing on its website at [theiet.org/membership/career/ethics/whistleblowing-employers.cfm](http://theiet.org/membership/career/ethics/whistleblowing-employers.cfm). In 2018 the IET undertook a risk assessment to identify areas of its supply chain which might be susceptible to slavery or human trafficking. The risk assessment considered both geographic and sector risk. It identified that as regards its operations and supply chains, catering and other services at its venues represented a risk, as did the use of certain outsourced services in India.

In 2016, the IET requested the relevant suppliers to confirm the measures they had in place to combat slavery and human trafficking. Since then, contracts with significant new suppliers, or new suppliers in sectors or countries where the risk of slavery is higher, include clauses regarding anti-slavery measures.

The IET recognises the need to assess the risks of slavery or human trafficking. The IET also recognises that there may be gaps in visibility of supply chains and limitations in the tools used to identify risks. Addressing these is a complex task and therefore will take time and training to develop an effective framework.

To date, the IET has not found any instances of modern slavery in its operations or supply chain.

This statement was approved by the Board of Trustees on 19 March 2020.

## Reference and administrative information

This information is included on page 91.

## Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales and in Scotland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the group and of the incoming resources and application of resources of the charity and of the group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- make judgments 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. 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 financial statements may differ from legislation in other jurisdictions.

The Trustees Report on pages 6 to 53 was approved by the Trustees on 15 July 2020 and signed on their behalf by:



Dr Peter Bonfield OBE FEng BSc MSc PhD  
CEng FIET  
President



# Independent auditor's report to Trustees of the IET

## Opinion

We have audited the financial statements of The Institution of Engineering and Technology ("the parent Charity") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise the consolidated and parent Charity statements 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 31 December 2019 and of the Group's and parent Charity'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, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010.

## 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 Trustees' Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The other information comprises: the Introduction from the President and Chief Executive and Secretary, the Report of the Trustees and the Legal and Administrative Information. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## 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 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate and proper 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the parent 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

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance,

but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the Charity's Trustees, as a body, in accordance with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. 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.

Fiona Condon (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Gatwick  
Date: 4 August 2020



BDO LLP is eligible for appointment as auditor of the Charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

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

# Consolidated Statement of Financial Activities

## for the year ended 31 December 2019

	Notes	Unrestricted Funds 2019 £000	Restricted & Endowment Funds 2019 £000	Total Funds 2019 £000	Unrestricted Funds 2018 £000	Restricted & Endowment Funds 2018 £000	Total Funds 2018 £000
<b>INCOME AND ENDOWMENTS FROM:</b>							
Donations and legacies		137	397	534	14	468	482
Trading activities	2	11,437	-	11,437	11,283	-	11,283
Investment and other incomes	3	2,114	319	2,433	1,661	304	1,965
<b>Charitable Activities</b>							
Education, policy & awareness		343	92	435	339	-	339
Knowledge services		28,684	-	28,684	33,244	-	33,244
Membership & professional development		19,142	-	19,142	18,562	-	18,562
Share of profit in joint ventures	2	2,969	-	2,969	2,837	-	2,837
<b>Total</b>		<b>64,826</b>	<b>808</b>	<b>65,634</b>	<b>67,940</b>	<b>772</b>	<b>68,712</b>
<b>EXPENDITURE ON:</b>							
<b>Raising Funds</b>							
Fundraising costs		364	-	364	378	-	378
Trading activities		5,137	-	5,137	4,412	-	4,412
Investment management fees		552	43	595	352	42	394
<b>Charitable Activities</b>							
Education, policy & awareness		6,509	1,324	7,833	6,325	1,198	7,523
Knowledge services		34,878	-	34,878	34,111	-	34,111
Membership & professional development		18,457	-	18,457	18,559	-	18,559
<b>Total</b>	5	<b>65,897</b>	<b>1,367</b>	<b>67,264</b>	<b>64,137</b>	<b>1,240</b>	<b>65,377</b>
Net (losses)/gains on investment	9	15,250	2,175	17,425	(2,947)	(683)	(3,630)
<b>Net income/(expenditure)</b>		<b>14,179</b>	<b>1,616</b>	<b>15,795</b>	<b>856</b>	<b>(1,151)</b>	<b>(295)</b>
<b>Other recognised (losses)/gains:</b>							
Remeasurements of net defined benefit pension schemes	17	1,240	-	1,240	(5,615)	-	(5,615)
Foreign exchange gains arising on retranslation of foreign subsidiaries		(56)	-	(56)	27	-	27
<b>Net movement in funds</b>		<b>15,363</b>	<b>1,616</b>	<b>16,979</b>	<b>(4,732)</b>	<b>(1,151)</b>	<b>(5,883)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		154,127	13,876	168,003	158,859	15,027	173,886
<b>Total funds carried forward</b>	16	<b>169,490</b>	<b>15,492</b>	<b>184,982</b>	<b>154,127</b>	<b>13,876</b>	<b>168,003</b>

All incoming resources and resources expended are derived from continuing activities. The Statement of Financial Activities includes all gains and losses recognised in the year.

# IET Statement of Financial Activities

for the year ended 31 December 2019

	Notes	Unrestricted Funds 2019 £000	Restricted & Endowment Funds 2019 £000	Total Funds 2019 £000	Unrestricted Funds 2018 £000	Restricted & Endowment Funds 2018 £000	Total Funds 2018 £000
<b>INCOME AND ENDOWMENTS FROM:</b>							
<b>Donations and legacies</b>							
Qualifying charitable donations due to the IET	2	4,752	-	4,752	4,541	-	4,541
Other donations and legacies		137	397	534	14	468	482
<b>Investment and other incomes</b>	3	7,010	319	7,329	6,918	304	7,222
<b>Charitable Activities</b>							
Education, policy & awareness		343	92	435	339	-	339
Knowledge services and solutions		28,490	-	28,490	33,116	-	33,116
Membership & professional development		18,597	-	18,597	18,058	-	18,058
<b>Total</b>		<b>59,329</b>	<b>808</b>	<b>60,137</b>	<b>62,986</b>	<b>772</b>	<b>63,758</b>
<b>EXPENDITURE ON:</b>							
<b>Raising Funds</b>							
Fundraising costs		364	-	364	378	-	378
Investment management fees		552	43	595	352	42	394
<b>Charitable Activities</b>							
Education, policy & awareness		6,509	1,324	7,833	6,325	1,198	7,523
Knowledge services		34,925	-	34,925	34,172	-	34,172
Membership & professional development		18,071	-	18,071	18,241	-	18,241
<b>Total</b>	5	<b>60,421</b>	<b>1,367</b>	<b>61,788</b>	<b>59,468</b>	<b>1,240</b>	<b>60,708</b>
Net (losses)/gains on investment	9	15,250	2,175	17,425	(2,810)	(683)	(3,493)
<b>Net income/(expenditure)</b>		<b>14,158</b>	<b>1,616</b>	<b>15,774</b>	<b>708</b>	<b>(1,151)</b>	<b>(443)</b>
<b>Other recognised (losses)/gains:</b>							
Remeasurements of net defined benefit pension schemes	17	1,240	-	1,240	(5,615)	-	(5,615)
<b>Net movement in funds</b>		<b>15,398</b>	<b>1,616</b>	<b>17,014</b>	<b>(4,907)</b>	<b>(1,151)</b>	<b>(6,058)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		153,283	13,876	167,159	158,190	15,027	173,217
<b>Total funds carried forward</b>	16	<b>168,681</b>	<b>15,492</b>	<b>184,173</b>	<b>153,283</b>	<b>13,876</b>	<b>167,159</b>

All incoming resources and resources expended are derived from continuing activities. The Statement of Financial Activities includes all gains and losses recognised in the year.

# Consolidated and IET Balance Sheets

as at 31 December 2019

	Notes	Group		Charity	
		2019 £000	2018 £000	2019 £000	2018 £000
<b>Fixed assets</b>					
Intangible assets	7	-	-	81	163
Tangible assets	8	29,549	31,774	29,540	31,769
Investments	9	143,050	141,961	142,477	141,424
<b>Total fixed assets</b>		<b>172,599</b>	<b>173,735</b>	<b>172,098</b>	<b>173,356</b>
<b>Current assets</b>					
Stock and work in progress	10	239	348	239	348
Debtors	11	11,908	12,113	12,977	12,557
Investments	9	19,582	102	19,582	102
Cash at bank and in hand		8,074	9,950	4,550	7,339
<b>Total current assets</b>		<b>39,803</b>	<b>22,513</b>	<b>37,348</b>	<b>20,346</b>
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	12	(20,652)	(19,907)	(18,505)	(18,205)
<b>Net current assets</b>		<b>19,151</b>	<b>2,606</b>	<b>18,843</b>	<b>2,141</b>
<b>Total assets less current liabilities</b>		<b>191,750</b>	<b>176,341</b>	<b>190,941</b>	<b>175,497</b>
Creditors: Amounts falling due after more than one year	13	(4,585)	(3,842)	(4,585)	(3,842)
<b>Net assets excluding pension liability</b>		<b>187,165</b>	<b>172,499</b>	<b>186,356</b>	<b>171,655</b>
Defined benefit pension scheme liability	17	(2,183)	(4,496)	(2,183)	(4,496)
<b>Total net assets</b>		<b>184,982</b>	<b>168,003</b>	<b>184,173</b>	<b>167,159</b>
<b>FUNDS</b>					
Endowment funds		14,726	13,190	14,726	13,190
Restricted income funds		753	686	753	686
Other restricted items		13	-	13	-
<b>Restricted funds</b>		<b>15,492</b>	<b>13,876</b>	<b>15,492</b>	<b>13,876</b>
Unrestricted funds	16	171,673	158,623	170,864	157,779
<b>Unrestricted funds</b>		<b>171,673</b>	<b>158,623</b>	<b>170,864</b>	<b>157,779</b>
Pension reserve	17	(2,183)	(4,496)	(2,183)	(4,496)
<b>Total funds</b>	16	<b>184,982</b>	<b>168,003</b>	<b>184,173</b>	<b>167,159</b>

The Notes on pages 60 to 90 form part of these financial statements.

Approved and authorised for issue by the Trustees on 15 July 2020 and signed on their behalf by:



Dr Peter Bonfield OBE FREng BSc MSc PhD CEng FIET  
President



Dr Colin Arthur BEng PhD MIET  
Honorary Treasurer

# Consolidated Statement of Cash Flows

## for the year ended 31 December 2019

	2019 £000	2018 £000
<b>Cash flows from operating activities:</b>		
<b>Net cash (used in) operating activities</b>	<b>(4,299)</b>	<b>(1,686)</b>
<b>Cash flows from investing activities:</b>		
Interest received	168	50
Rent received	1,222	1,136
Share of profit in joint ventures	2,969	2,837
Income from non-property investments	718	674
Investment management fees	(595)	(394)
Purchase of tangible fixed assets	(783)	(288)
Proceeds from sale of tangible fixed assets	1,098	-
Purchase of investments	(4,594)	(3,802)
Cash placed on short term deposit	(2,000)	-
Sale of investments	21,832	3,640
<b>Net cash provided by investing activities</b>	<b>20,035</b>	<b>3,853</b>
<b>Cash flows from financing activities:</b>		
Finance lease repayments	(132)	(86)
<b>Net cash (used in) financing activities</b>	<b>(132)</b>	<b>(86)</b>
<b>Change in cash and cash equivalents in the year:</b>	<b>15,604</b>	<b>2,081</b>
Cash and cash equivalents at 1 January	10,052	7,971
<b>Cash and cash equivalents at 31 December</b>	<b>25,656</b>	<b>10,052</b>

	2019 £000	2018 £000
<b>Reconciliation of net (expenditure)/income to net cash flow from operating activities</b>		
<b>Net (expenditure)/income</b>	<b>15,795</b>	<b>(295)</b>
Depreciation and amounts written off in connection with assets no longer in use	2,113	2,149
Profit on disposal of tangible fixed assets	(203)	-
Net (gains)/losses on investments	(17,425)	3,630
Adjustment to carrying value of joint venture	(36)	(161)
Unwinding of discount on finance lease	132	-
Foreign exchange (losses)/gains arising on retranslation of foreign subsidiaries	(56)	27
Decrease/(increase) in stocks	109	(63)
Decrease/(increase) in debtors	205	(2,768)
Increase in creditors	622	1,021
Add back of non-cash FRS 102 charge in respect of defined benefit schemes	139	302
Contributions paid to defined benefit schemes	(1,212)	(1,225)
Interest received	(168)	(50)
Share of profit in joint ventures	(2,969)	(2,837)
Rent received	(1,222)	(1,136)
Income from non-property investments	(718)	(674)
Investment management fees	595	394
<b>Net cash (used in) operating activities</b>	<b>(4,299)</b>	<b>(1,686)</b>

	2019 £000	2018 £000
<b>Analysis of cash and cash equivalents</b>		
Short term cash investments	17,582	102
Cash at bank and in hand	8,074	9,950
	<b>25,656</b>	<b>10,052</b>

	At 31 December 2018 £000	Cashflows £000	Restatement of finance lease obligation £000	At 31 December 2019 £000
<b>Analysis of changes to net debt</b>				
Cash at bank and in hand	9,950	(1,876)	-	8,074
Cash held as part of the fixed asset investment portfolio	102	17,480	-	17,582
Finance lease obligations	(2,382)	-	(866)	(3,248)
	<b>7,670</b>	<b>15,604</b>	<b>(866)</b>	<b>22,408</b>

The significant increase in Investment Cash is due to the sale of the IET's Unrestricted Funds holdings of Index-linked Gilts which were sold during the year and are currently held in BlackRock's Sterling Liquidity Fund pending allocation to the new investment strategy.

# Notes forming part of the financial statements

for the year ended 31 December 2019

## 1. Accounting policies

### Basis of preparation

These financial statements have been prepared under the historical cost convention, as modified by the inclusion of certain financial instruments at fair value, and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 as amended.

The IET achieves its public benefit purpose by encouraging the next generation of engineers, disseminating and exchanging technical knowledge; enhancing capability, professionalism and innovation, together with an improved understanding of how science, engineering and technology can provide solutions to meet society's needs. The Trustees have paid due regard to the public benefit guidance published by the Charity Commission.

### Preparation of the accounts on a going concern basis

The Trustees confirm that at the time of approving the financial statements, there are no material uncertainties regarding the Charity's ability to continue in operational existence for the foreseeable future. In arriving at this conclusion, the Trustees have taken account of current and anticipated financial performance, liquidity, its reserves position and the ability to draw down on readily realisable investments as required in light of the impacts experienced and expected of the COVID-19 crisis. For this reason, the going concern basis continues to be adopted in the preparation of the Charity's financial statements.

### Key judgments and assumptions

The most significant areas of judgment and assumption that affect items in the accounts include the actuarial assumptions which underpin the Pension Scheme Liability (see Note 17 for more information) and the accounting treatment of Savoy Hill House. This property has been accounted for wholly as an investment property. The percentage of the property used for operational use is less than 10% of the floor space and as such is considered a trivial amount; furthermore, this element is not capable of being sold or leased out separately. With respect to the next reporting period, the most significant areas of uncertainty that affect the carrying value of assets held by the IET are the level of investment return and the performance of investment markets (see the Investment Policy within the Trustees' Annual Report and Note 9).

### Constitution

The Institution of Engineering and Technology (IET) is incorporated by Royal Charter and registered with the Charity Commission for England and Wales under charity number 211014 and the Office of the Scottish Charity Regulator under charity number SC038698.

### Basis of Consolidation

The Group accounts incorporate the financial statements of the IET and its subsidiaries on a line-by-line basis. All subsidiaries have co-terminous year-ends to the IET, apart from The Institution of Engineering and Technology ("IET India") and IET Services (India) Private Limited ("IET Services India") which have financial year ends of 31 March.

## Income

Income is accounted for when receivable. In the case of membership subscriptions and subscriptions for journals and electronic services any receipt in respect of future years is shown as Amounts received in advance.

Government grants are accounted for using the 'Performance model' (as defined in FRS 102). This means that income is recognised only when performance related conditions are met, or, where no performance related conditions are imposed, income is recognised when the grant proceeds are receivable.

Legacies are accounted for when considered receivable.

Investment income and donations are accounted for when receivable.

## Expenditure

Charitable Expenditure includes direct costs and support costs. Support costs comprise those necessary costs which do not themselves produce the output of the charity, including central office functions and governance costs as shown in Note 5a. Such administration and accommodation support costs have generally been allocated on a departmental staff headcount or area occupied basis.

Governance costs are the costs associated with constitutional and statutory requirements and the strategic management of the charity's activities.

The costs of raising funds are the costs associated with generating income other than those derived from undertaking charitable or trading activities.

## Foreign Currency Transactions

Foreign currency transactions are converted at the rate ruling on the date of the transaction. Outstanding balances are translated into sterling at the rates ruling at the balance sheet date. Any exchange differences arising are taken to the SoFA.

## Taxation

The IET is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, the IET is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes

## Grants payable

Grants payable are recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

## Goodwill

Purchased goodwill is the difference between the fair value of net assets acquired and the fair value of consideration paid. Goodwill is capitalised as an intangible asset and amortised over its useful life which is estimated by the Trustees.

Goodwill is being written off on a straight-line basis over 5 years.

## Depreciation

Depreciation is provided on fixed assets so as to write them off over their estimated useful lives as follows:

Mechanical and Electrical Installations  
*Straight-line over 15 years*

Furniture, fittings and equipment  
*Straight-line over 10 years*

Computer and electronic equipment  
*Straight-line over 4 years*

London Crown leases, other leasehold and freehold buildings  
*Straight-line over the lower of the length of the lease or 50 years*

Assets in the course of construction are not depreciated.

Savoy Place and Michael Faraday House are capitalised at historic cost. The IET's Regional Centres are capitalised at deemed cost.

Other assets costing less than £2,500, and the cost of computer software, are written off in the year of purchase.

Exhibits and associated artwork are not capitalised and are written off in the year of purchase.

The IET does not capitalise its heritage assets as neither reliable cost information nor comprehensive valuations are readily available and such information cannot be obtained at a cost commensurate with the benefit to the users of the accounts and to the Charity. Furthermore, there is no intention for resale (see Note 8 for further detail).

## Investments

Non-property investments are included in the balance sheet at fair value, being the quoted bid price. Realised and unrealised gains/losses are recognised in full in the SoFA. Investment income is accounted for when receivable, with account taken of the tax credit at the time of receipt of the net income.

Investment property is included in the Balance Sheet at fair market value in accordance with FRS 102 and as such no depreciation is charged during the year. Gains or losses arising on revaluation are credited or charged respectively to the SoFA under "Net gains/(losses) on investments".

Investments in subsidiary undertakings are accounted for at historic cost less impairment.

Investments in joint ventures are accounted for using the equity method in the Group financial statements.

Current asset investments include:

- i) cash on deposit and cash equivalents with a maturity period of between 3 and 12 months from the date of acquisition; and
- ii) cash held for investment purposes as part of the fixed asset investment portfolio, rather than to meet short term cash commitments as they fall due.

## Stocks & Work-In-progress

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due provision for slow moving and obsolete items.

## Debtors

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

## Financial instruments

The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. The exceptions to this are investments which are measured at fair value.

## Cash at bank and in hand

Cash at bank and in hand includes deposits which can be withdrawn within 24 hours without penalty and short-term deposits which have a maturity period of 3 months or less and are not subject to significant risk of changes in value.

## Liabilities

Liabilities (including termination payments) are recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

## Leasing

Finance lease obligations are included within Creditors. Non-investment property assets held under finance leases are capitalised and depreciated over the shorter of the lease term or 50 years.

Lease obligations on investment properties are treated as finance leases. The lease obligation is quantified at the point of the lease inception or the property becoming an investment property, whichever occurs later, based on the present value of the minimum lease payments and is included in creditors. Any adjustments to the rent payable under such leases due to periodic rent reviews is considered to be contingent rent. Contingent rent is treated as expenditure as it becomes payable.

Rentals paid under operating leases are charged in the SoFA on a straight-line basis over the lease term.

## Fund accounting

Restricted funds are subject to specific restrictions imposed by the donor.

They include 'Restricted income funds' which are spent or applied within a reasonable period from their receipt or 'Endowment funds' originating from donations or bequests and invested to enable future expenditure in line with the restrictions of the donor. Endowment funds can be either permanent or expendable. Permanent endowment funds are held indefinitely, and the capital cannot be expended. Expendable endowments allow the Trustees to exercise the power to expend or apply the capital in line with the restriction.

Designated funds are set aside by the Trustees for specific purposes but would otherwise form part of the general funds. General funds are available to spend at the discretion of the Trustees in furtherance of the charitable objectives of the IET. Further explanations are set out in Note 16.

## Pension Costs

In accordance with "FRS 102–Employee Benefits", both the operating and financial costs of pension and other post-retirement benefits are recognised in the SoFA. Pension cost is assessed in accordance with the advice of qualified Actuaries. Actuarial gains and losses arising are recognised within the "Other recognised gains/(losses)" category of the SoFA under the heading "Remeasurements of net defined benefit pension schemes". The provisions of "FRS 102–Employee Benefits" have been fully complied with and the relevant disclosures are made in Note 17. Contributions to defined contribution schemes are charged in the SoFA in the year they are due.

## Defined benefit plans

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method.

## Pension Scheme Liability

The net defined benefit liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

## Gains/Losses

Gains or losses recognised in other recognised gains/(losses):

- Actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

## Irrecoverable VAT

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

## 2. Trading activities and subsidiaries

The Group's financial statements incorporate all the IET's wholly owned subsidiary companies. Throughout 2019 the IET had two active wholly owned non-charitable trading subsidiary undertakings registered in England and Wales, IET Services Limited (IETSL), company registration number 909719, and IEE Conventions Limited (IEECL), company registration number 3566585, both of which are consolidated. The profit and loss accounts of these subsidiaries are shown below, and net profits are donated to the IET under a Deed of Covenant.

IETSL provides magazine publishing, conference, advertising and recruitment services, and rent of surplus IET accommodation and related services such as catering. The principal activity of IEECL is the provision of conference and exhibition services. IEECL accounts for its respective 34% shares in International Broadcasting Conventions Limited (IBC Limited) and the International Broadcasting Convention Partnership (IBC Partnership) under the cost model in its individual financial statements, measuring its investments at cost and distributions received from the investments as income. IEECL is jointly and severally liable together with the other partners for the IBC's obligations: the Trustees consider that the possibility of a transfer of economic benefits to be remote and therefore has not disclosed a contingent liability in connection with the joint venture.

	IETSL 2019 £000	IETSL 2018 £000	IEECL 2019 £000	IEECL 2018 £000
Turnover – external	11,437	11,283	-	-
Turnover – intercompany	4,325	4,445	-	-
<b>Turnover - total</b>	<b>15,762</b>	<b>15,728</b>	-	-
<b>Share of Joint Venture profits</b>	-	-	<b>2,978</b>	<b>2,848</b>
Cost of Sales	(12,822)	(13,073)	-	-
<b>Gross Profit</b>	<b>2,940</b>	<b>2,655</b>	<b>2,978</b>	<b>2,848</b>
Distribution Costs	(1,087)	(1,013)	-	-
Administration Expenses	(30)	5	(3)	(4)
<b>Operating Profit</b>	<b>1,823</b>	<b>1,647</b>	<b>2,975</b>	<b>2,844</b>
Net Interest Payable and Similar Charges	(40)	(37)	-	-
<b>Profit on Ordinary Activities before Tax</b>	<b>1,783</b>	<b>1,610</b>	<b>2,975</b>	<b>2,844</b>
Tax on ordinary activities	-	-	(6)	(7)
<b>Profit for the Financial Year</b>	<b>1,783</b>	<b>1,610</b>	<b>2,969</b>	<b>2,837</b>
<b>Statement of Changes in Equity:</b>				
Balance at 1 January	-	94	116	116
Profit for the Financial Year	1,783	1,610	2,969	2,837
Qualifying charitable donations due to the IET	(1,783)	(1,704)	(2,969)	(2,837)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>	<b>116</b>	<b>116</b>
Comprising:				
- assets	4,593	3,445	1,127	1,091
- liabilities	(4,593)	(3,445)	(1,011)	(975)

None of the Directors of IETSL or IEECL receives any remuneration for their services.

## 2a. Other subsidiaries

The IET has four wholly-owned subsidiaries registered outside England & Wales and Scotland to support its charitable activities.

IET USA, Inc. is located in Edison, New Jersey. The two principal channels of business for IET USA, Inc. are reseller support activity and direct sales of books and journals.

Institution of Engineering and Technology (IET (India)), company registration number U80903KA2007NPL044461, is registered in Bangalore as a not-for-profit company incorporated under section 25 of the Indian Companies Act with charitable objects consistent with those of the IET in the UK. IET Services (India) Private Limited (IET Services (India)), company registration number U93000KA2012FTC064117 (IET Services (India)) carries out specific activities, including the sale of IET memberships locally in India. IET (India) now only carries on Local Network activity in India.

IET Engineering & Technology (Beijing) Consultancy Ltd (IET (Beijing)), registration number 110000450079713, is registered in China.

IET Engineering and Technology Holdings Ltd (IET Holdings), registration number 1249285 (Hong Kong) was dissolved on 12 April 2019.

The financial results of the IET's significant non-UK subsidiaries for the year were as follows:

	IET USA Inc. £000	IET (India) £000	IET Services (India) £000	IET (Beijing) £000	Total 2019 £000	Total 2018 £000
External income	632	2	347	278	1,259	1,012
Intragroup income	861	183	561	685	2,290	2,306
External expenditure	(914)	(169)	(782)	(866)	(2,731)	(2,630)
Intragroup expenditure	(438)	-	(87)	-	(525)	(385)
Dividend payable to the IET	(372)	-	-	-	(372)	-
<b>Funds (used by)/retained by the subsidiary</b>	<b>(231)</b>	<b>16</b>	<b>39</b>	<b>97</b>	<b>(79)</b>	<b>303</b>
<b>Net assets</b>	<b>389</b>	<b>181</b>	<b>424</b>	<b>545</b>	<b>1,539</b>	<b>1,688</b>

## 3. Investment and other income

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
Income from equities	562	520	562	520
Income from bonds	156	154	156	154
Interest received on cash	168	50	152	37
Rent receivable	1,222	1,136	1,222	1,136
Profit on disposal of tangible fixed assets	203	-	203	-
Dividend receivable	-	-	386	-
Other income received from subsidiary undertakings	-	-	4,526	5,270
Other income - external	122	105	122	105
	<b>2,433</b>	<b>1,965</b>	<b>7,329</b>	<b>7,222</b>

## 4. Net income/(expenditure)

This is stated after charging:

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
Depreciation	2,113	2,149	2,111	2,147
Foreign exchange gains arising on transactions	(170)	(179)	(193)	(165)
Payments under operating leases:				
- Land and buildings rents	627	631	456	428
- Other	29	33	25	30
Auditor's remuneration:				
- Statutory Audit	54	48	49	43
- Taxation	46	65	41	60

## 5. Analysis of total expenditure

Group	Direct staff costs £000	Grant funding of activities £000	Other direct costs £000	Support costs (Note 5a) £000	Total 2019 £000	Total 2018 £000
<b>Charitable activities</b>						
Education, policy & awareness	1,850	853	2,612	2,518	7,833	7,523
Knowledge services and solutions	8,616	-	13,763	12,499	34,878	34,111
Membership & professional development	4,826	-	4,984	8,647	18,457	18,559
<b>Total charitable activities expenditure</b>	<b>15,292</b>	<b>853</b>	<b>21,359</b>	<b>23,664</b>	<b>61,168</b>	<b>60,193</b>
Fundraising costs	135	-	6	223	364	378
Trading activities	2,878	-	2,259	-	5,137	4,412
Investment management fees	-	-	595	-	595	394
<b>Total group expenditure</b>	<b>18,305</b>	<b>853</b>	<b>24,219</b>	<b>23,887</b>	<b>67,264</b>	<b>65,377</b>

IET	Direct staff costs £000	Grant funding of activities £000	Other direct costs £000	Support costs (Note 5a) £000	Total 2019 £000	Total 2018 £000
<b>Charitable activities</b>						
Education, policy & awareness	1,850	858	2,607	2,518	7,833	7,523
Knowledge services and solutions	8,616	-	13,810	12,499	34,925	34,172
Membership & professional development	4,826	-	4,598	8,647	18,071	18,241
<b>Total charitable activities expenditure</b>	<b>15,292</b>	<b>858</b>	<b>21,015</b>	<b>23,664</b>	<b>60,829</b>	<b>59,936</b>
Fundraising costs	135	-	6	223	364	378
Investment management fees	-	-	595	-	595	394
<b>Total charitable expenditure</b>	<b>15,427</b>	<b>858</b>	<b>21,616</b>	<b>23,887</b>	<b>61,788</b>	<b>60,708</b>

## 5a. Support costs

Group and IET	Finance & corporate £000	IT £000	Human resources £000	Property & offices £000	Governance £000	Total 2019 £000	Total 2018 £000
Fundraising costs	66	69	15	69	4	223	234
<b>Charitable activities</b>							
Education, policy & awareness	750	779	162	783	44	2,518	2,527
Knowledge services and solutions	3,724	3,864	806	3,887	218	12,499	12,636
Membership & professional development	2,577	2,673	558	2,689	150	8,647	8,922
<b>Total charitable expenditure</b>	<b>7,117</b>	<b>7,385</b>	<b>1,541</b>	<b>7,428</b>	<b>416</b>	<b>23,887</b>	<b>24,319</b>

Administration and accommodation support costs have generally been allocated to charitable activities on a departmental staff headcount or area occupied basis.

## 5b. Analysis of grants – Group

	Grant to institution 2019 £000	Grants to individuals 2019 £000	Support costs 2019 £000	Total 2019 £000	Grant to institution 2018 £000	Grants to individuals 2018 £000	Support costs 2018 £000	Total 2018 £000
<b>Education, policy &amp; awareness</b>								
Research	314	-	14	328	357	-	12	369
Scholarships, awards and prizes	-	474	17	491	-	515	37	552
Hardship and financial assistance	-	34	-	34	-	33	-	33
<b>Total</b>	<b>314</b>	<b>508</b>	<b>31</b>	<b>853</b>	<b>357</b>	<b>548</b>	<b>49</b>	<b>954</b>

	Grant to institution 2019 Number	Grants to individuals 2019 Number	Support costs 2019 Number	Total 2019 Number	Grant to institution 2018 Number	Grants to individuals 2018 Number	Support costs 2018 Number	Total 2018 Number
<b>Education, policy &amp; awareness</b>								
Research	1	-	-	1	1	-	-	1
Scholarships, awards and prizes	-	142	-	142	-	154	-	154
Hardship and financial assistance	-	33	-	33	-	24	-	24
<b>Total</b>	<b>1</b>	<b>175</b>	<b>-</b>	<b>176</b>	<b>1</b>	<b>178</b>	<b>-</b>	<b>179</b>

## 5c. Analysis of grants – Charity

	Grant to institution 2019 £000	Grants to individuals 2019 £000	Support costs 2019 £000	Total 2019 £000	Grant to institution 2018 £000	Grants to individuals 2018 £000	Support costs 2018 £000	Total 2018 £000
<b>Education, policy &amp; awareness</b>								
Research	314	-	14	328	357	-	12	369
Scholarships, awards and prizes	-	479	17	496	-	515	37	552
Hardship and financial assistance	-	34	-	34	-	33	-	33
<b>Total</b>	<b>314</b>	<b>513</b>	<b>31</b>	<b>858</b>	<b>357</b>	<b>548</b>	<b>49</b>	<b>954</b>

	Grant to institution 2019 Number	Grants to individuals 2019 Number	Support costs 2019 Number	Total 2019 Number	Grant to institution 2018 Number	Grants to individuals 2018 Number	Support costs 2018 Number	Total 2018 Number
<b>Education, policy &amp; awareness</b>								
Research	1	-	-	1	1	-	-	1
Scholarships, awards and prizes	-	148	-	148	-	154	-	154
Hardship and financial assistance	-	33	-	33	-	24	-	24
<b>Total</b>	<b>1</b>	<b>181</b>	<b>-</b>	<b>182</b>	<b>1</b>	<b>178</b>	<b>-</b>	<b>179</b>

The IET Awards programme helps to deliver the IET's vision, by underpinning our mission: to inspire, inform and influence the global engineering community, supporting technology innovation to meet the needs of society.

The programme includes awards for individual excellence, pioneering research, scholarships, travel awards, prizes and competitions. We also recognise the most innovative companies and the best new innovations across the world. All activities are undertaken by the IET directly, apart from research activities which are carried out through grant funding to third parties.

The Grant to Institution during the year represents the IET's A F Harvey Engineering Research Prize which was awarded through the host organisation Stanford University. The host organisation in 2018 was the Instituto de Telecomunicações, Portugal.

## 6. Employees

Total employment costs of the Group and IET staff in the year were:

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
<b>Payroll costs:</b>				
Salaries and overtime	22,680	21,668	20,182	19,146
Social Security	2,441	2,328	2,142	2,023
Pension and other benefits				
- defined benefit pension schemes	139	302	139	302
- defined contribution pension scheme	2,312	1,980	2,147	1,822
- other payments	561	591	454	486
Operating costs of defined benefit schemes	655	377	655	377
Termination payments	76	279	76	279
	<b>28,864</b>	<b>27,525</b>	<b>25,795</b>	<b>24,435</b>

The average monthly number of staff employed by the IET in the year was 581 (2018: 552) and by the Group was 646 (2018: 617), made up as follows:

	Group 2019 Number	Group 2018 Number	Charity 2019 Number	Charity 2018 Number
Charitable activities	609	578	578	549
Trading activities	34	36	-	-
Governance	3	3	3	3
	<b>646</b>	<b>617</b>	<b>581</b>	<b>552</b>

The numbers of employees whose emoluments including taxable benefits in kind, but excluding pension costs, exceeded £60,000 were within the following bands:

	Group 2019 Number	Group 2018 Number	Charity 2019 Number	Charity 2018 Number
£60,000 - £69,999	17	23	13	20
£70,000 - £79,999	14	11	12	9
£80,000 - £89,999	9	10	7	9
£90,000 - £99,999	4	4	3	2
£100,000 - £109,999	2	3	2	3
£110,000 - £119,999	3		3	-
£120,000 - £129,999	2	1	1	1
£130,000 - £139,999	1	1	1	1
£150,000 - £159,999	1	1	1	1
£160,000 - £169,999	-	2	-	1
£170,000 - £179,999	1	1	1	1
£180,000 - £189,999	1	1	1	-
£200,000 - £209,999	1	-	-	-
£370,000 - £379,999	1	1	1	1

For the Group seven of the above employees (2018: eight) and for the Charity seven of the above employees (2018: eight) were deferred members of the defined benefit IET Superannuation & Assurance Scheme.

For the Group, 47 employees were members of the IET's defined contribution scheme (2018: 50). For the Group, pension payments in respect of the relevant employees to the defined contribution scheme totalled £538,679 (2018: £460,013).

For the Charity, 44 employees were members of the IET's defined contribution scheme (2018: 46). For the Charity, pension payments in respect of the relevant employees to the defined contribution scheme totalled £490,686 (2018: £406,352).

## 6a. Remuneration and benefits received by key management personnel

IET considers the key management personnel of the organisation to comprise the Trustees, together with the Chief Executive and Secretary (CES) and other members of the Executive Team who routinely attend Board of Trustees meetings. The aggregate remuneration and benefits of those personnel for services to the Charity and Group, in the year amounted to £1,481,276 (2018: £1,373,326). In addition, employer's national insurance contributions were £176,879 (2018: £167,985). Of these amounts £nil (2018: £nil) related to the Trustees. However, three of the Trustees benefited from contracts with group companies, the details of which are set out in Note 15.

The emoluments of the CES, including benefits in kind, amounted to £374,413 in the year (2018: £378,435), including payments in lieu of pension contributions. The CES is not a member of any IET pension scheme and no contributions are made to any other pension arrangements by the IET.

During the year, travelling and subsistence expenses totalling £94,886 were incurred by the eight members of the Executive Team considered key management personnel on behalf of the IET (2018: £58,856 by nine members of the Executive Team).

## 7. Intangible fixed assets – Charity

	Goodwill £000
<b>Cost:</b>	
At 1 January 2019	407
<b>At 31 December 2019</b>	<b>407</b>
<b>Amortisation:</b>	
At 1 January 2019	244
Charge for the year	82
<b>At 31 December 2019</b>	<b>326</b>
<b>Net book value:</b>	
<b>At 31 December 2019</b>	<b>81</b>
At 31 December 2018	163

The business, operations, goodwill and stock of SciTech Publishing, Inc. were transferred by IET USA, Inc. to the IET on 31 December 2015. IET USA, Inc. is a wholly owned subsidiary of the IET. Goodwill is being written off on a straight-line basis over 5 years.

## 8. Tangible fixed assets – Group

	Leasehold buildings - IET £000	Freehold building - Michael Faraday House £000	Mechanical and Electrical Installations £000	Furniture, fittings and equipment £000	Regional Centres (Buildings) £000	Total £000
<b>Cost</b>						
At 1 January 2019	15,917	6,474	12,538	6,237	2,044	43,210
Additions	-	-	-	783	-	783
Disposals	-	-	-	(97)	(1,059)	(1,156)
At 31 December 2019	15,917	6,474	12,538	6,923	985	42,837
<b>Accumulated Depreciation:</b>						
At 1 January 2019	1,528	3,246	2,334	4,042	286	11,436
Depreciation for the year	315	109	836	822	31	2,113
Disposals	-	-	-	(95)	(166)	(261)
At 31 December 2019	1,843	3,355	3,170	4,769	151	13,288
<b>Net book value:</b>						
At 31 December 2019	14,074	3,119	9,368	2,154	834	29,549
At 31 December 2018	14,389	3,228	10,204	2,195	1,758	31,774

### 8a. Tangible fixed assets – IET

	Leasehold buildings - IET £000	Freehold building - Michael Faraday House £000	Mechanical and Electrical Installations £000	Furniture, fittings and equipment £000	Regional Centres (Buildings) £000	Total £000
<b>Cost:</b>						
At 1 January 2019	15,917	6,474	12,538	6,181	2,044	43,154
Additions	-	-	-	775	-	775
Disposals	-	-	-	(95)	(1,059)	(1,154)
At 31 December 2019	15,917	6,474	12,538	6,861	985	42,775
<b>Accumulated Depreciation:</b>						
At 1 January 2019	1,528	3,246	2,334	3,991	286	11,385
Depreciation for the year	315	109	836	820	31	2,111
Disposals	-	-	-	(95)	(166)	(261)
At 31 December 2019	1,843	3,355	3,170	4,716	151	13,235
<b>Net book value:</b>						
At 31 December 2019	14,074	3,119	9,368	2,145	834	29,540
At 31 December 2018	14,389	3,228	10,204	2,190	1,758	31,769

Regional Centres comprise both freehold property, with a net book value of £nil at 31 December 2019 (31 December 2018: £899,000) and long leasehold property, with a net book value of £834,000 at 31 December 2019 (31 December 2018: £859,000).

The IET Library and Archives was founded in 1880, and houses around 6 linear kilometres of books, journals, archive collections, audio-visual material and heritage objects (including paintings and sculpture) which date from the late 14th century to the present day. This collection was awarded Designated Status in 2006 (the scheme is now managed by the Arts Council) in recognition of its national and international importance. The core collection is stored in the IET's London headquarters at Savoy Place, with the remainder of the collection stored offsite in heritage quality storage.

The collection is managed by professional staff, with expert conservation advice from the National Conservation Service. The archives and rare books are housed in purpose-built storage in Savoy Hill House, which also includes a reading room for researchers. Online catalogues for both the Library and Archives can be found on the IET website at [theiet.org/library](http://theiet.org/library). The collection can be accessed by members, researchers and the general public at Savoy Place and in the Archives Centre in Savoy Hill House.

## 9. Investments – Group

	Non-property investments £000	Investment property £000	Total £000
<b>At 1 January 2019</b>	<b>118,031</b>	<b>24,032</b>	<b>142,063</b>
Acquisitions at Cost	4,594	-	4,594
Proceeds from Sale of Investments	(21,832)	-	(21,832)
Increase in Current Asset Investments	19,480	-	19,480
Net Investment Gains	17,425	-	17,425
Adjustment to gross carrying value of investment property	-	866	866
Adjustment to carrying value of joint venture	36	-	36
<b>At 31 December 2019</b>	<b>137,734</b>	<b>24,898</b>	<b>162,632</b>
Finance lease relating to investment property (Notes 12 and 13)	-	(3,248)	(3,248)
<b>Total net investments</b>	<b>137,734</b>	<b>21,650</b>	<b>159,384</b>
Historical Cost at 31 December 2019	98,670	7,227	105,897
Unrealised Gains	39,064	14,423	53,487
Realised Gains based on historic cost	2,297	-	2,297

## 9a. Investments – IET

	Non-property investments £000	Investment property £000	Investments held at cost £000	Total £000
<b>At 1 January 2019</b>	<b>116,939</b>	<b>24,032</b>	<b>555</b>	<b>141,526</b>
Acquisitions at Cost	4,594	-	-	4,594
Proceeds from Sale of Investments	(21,832)	-	-	(21,832)
Increase in Current Asset Investments	19,480	-	-	19,480
Net Investment Gains	17,425	-	-	17,425
Adjustment to gross up carrying value of investment property	-	866	-	866
<b>At 31 December 2019</b>	<b>136,606</b>	<b>24,898</b>	<b>555</b>	<b>162,059</b>
Finance lease relating to investment property (Notes 12 and 13)	-	(3,248)	-	(3,248)
<b>Total net investments</b>	<b>136,606</b>	<b>21,650</b>	<b>555</b>	<b>158,811</b>
Historical Cost at 31 December 2019	98,670	7,227	555	106,452
Unrealised Gains	37,936	14,423	-	52,359
Realised Gains based on historic cost	2,297	-	-	2,297

The Investment Property for both the Group and the IET (Savoy Hill House) was valued as at 31 December 2019 by RICS Registered Valuers from Avison Young. The Valuers are not employees or officers of the IET. The valuation has been undertaken in accordance with the *RICS Valuation – Global Standards 2017* ("the Red Book") and has been valued on the basis of Fair Value. The Investment Property is accounted for as a finance lease. Lease payments are contingent on estimated rental value.

The IET occupies part of Savoy Hill House and uses it for its own use. The owner-occupied element is not considered to be significant and cannot easily be sold or leased out separately. As such, the whole of the property is accounted for as an investment property.

## 9b. Floating charge

The IET Superannuation & Assurance Scheme (the Scheme) closed to future accrual on 31 March 2012. As part of the arrangement to close to future accrual the IET created a Security Agreement in favour of the Trustees of the Scheme. As continuing security for the obligations and liabilities of the IET to make payments to the Scheme under the terms of the Security Agreement the IET charged, by way of a first floating charge, a proportion of its investments held with the Investment Manager. At 31 December 2019, the value of the assets subject to the floating charge was £45.2m (31 December 2018: £39.2m). At 31 December 2019 the value of the floating charge itself was £10m (31 December 2018: £10m).

## 9c. Analysis of Investments

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
<b>Fixed asset investments</b>				
Investment property	24,898	24,032	24,898	24,032
Investments in subsidiary undertakings	-	-	555	555
Investments in joint ventures	1,128	1,092	-	-
Listed investments:				
- Equities	68,328	55,760	68,328	55,760
- Bonds	16,079	31,427	16,079	31,427
- Mixed Fund	32,617	29,650	32,617	29,650
<b>Total fixed asset investments</b>	<b>143,050</b>	<b>141,961</b>	<b>142,477</b>	<b>141,424</b>
<b>Current asset investments</b>				
Cash held as part of the fixed asset investment portfolio	17,582	102	17,582	102
Cash on Deposit	2,000	-	2,000	-
<b>Total current asset investments</b>	<b>19,582</b>	<b>102</b>	<b>19,582</b>	<b>102</b>
<b>Total investments</b>	<b>162,632</b>	<b>142,063</b>	<b>162,059</b>	<b>141,526</b>

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
UK	68,648	66,430	67,820	65,638
Non-UK	93,984	75,633	94,239	75,888
	<b>162,632</b>	<b>142,063</b>	<b>162,059</b>	<b>141,526</b>

Investments are primarily held to provide investment return to the Charity. The Trustees reviewed the investments in subsidiary undertakings and joint ventures as at 31 December 2019 and considered that no change in their carrying value was required.

## 10. Stocks

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
Publications and work in progress	239	348	239	348

## 11. Debtors

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
Trade debtors	3,315	4,157	1,730	2,763
Other debtors	535	401	377	265
Accrued income	5,299	5,462	5,131	5,329
Payments in advance	2,759	2,093	2,330	1,733
Amounts due from subsidiaries	-	-	3,409	2,467
	<b>11,908</b>	<b>12,113</b>	<b>12,977</b>	<b>12,557</b>

Included within 'Amounts due from subsidiaries' of the charity is a loan of £300,000 (2018: £300,000) from IET to IET Services Limited. The loan has no specified repayment date and carries interest at 1% above the UK bank base rate. The loan is secured by way of a fixed charge debenture over the assets of IET Services Limited.

## 12. Creditors: Amounts falling due within one year

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
Accruals for grants payable	860	802	860	802
Trade creditors	1,389	1,531	1,224	1,379
Obligations under finance leases	132	97	132	97
Taxation and NI costs	748	760	601	609
Other creditors	995	685	978	671
Accruals	5,754	5,164	4,750	4,158
Amounts received in advance	10,774	10,868	9,841	10,142
Amounts due to subsidiaries	-	-	119	347
	<b>20,652</b>	<b>19,907</b>	<b>18,505</b>	<b>18,205</b>

'Amounts received in advance' represent income from subscriptions relating to future periods. Substantially all of the receipts in advance as at 31 December 2018 were released to the Statement of Financial Activities in the year ended 31 December 2019. Accruals include termination payments of £16,605 (2017: £153,573).

When members pay IET membership fees, the IET may also collect fees and/or donations on behalf of third parties and subsequently pass those amounts on to those entities. The funds received as an agent, paid across to the entities during the year end and balances held at the beginning and end of the year (included in Other creditors) are as follows:

	Group and Charity 2019 £000	Group and Charity 2018 £000
Funds held as at 1 January	381	540
Funds received in year	2,270	2,269
Funds transferred to third parties	(2,079)	(2,428)
<b>Funds held at 31 December</b>	<b>572</b>	<b>381</b>

## 13. Creditors: Amounts falling due after more than one year

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
Accruals for grants payable	1,467	1,550	1,467	1,550
Obligations under finance leases:				
- later than one year and not later than five years	477	350	477	350
- later than five years	2,639	1,935	2,639	1,935
Other creditors	2	7	2	7
	<b>4,585</b>	<b>3,842</b>	<b>4,585</b>	<b>3,842</b>

## 14. Commitments

The total of future minimum lease payments under non-cancellable operating leases as at 31 December for the Group and Charity are as follows:

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
Land and buildings, expiry date:				
- within one year	170	25	170	25
- between two and five years	517	1,110	119	543
- after five years	18,221	18,641	18,221	18,641
	<b>18,908</b>	<b>19,776</b>	<b>18,510</b>	<b>19,209</b>
Vehicles and equipment, expiry date:				
- within one year	-	8	-	8
- between two and five years	37	31	31	21
	<b>37</b>	<b>39</b>	<b>31</b>	<b>29</b>

The total of future minimum lease payments in respect of finance leases for the Group and Charity are as disclosed in Notes 12 & 13 - 'Obligations under finance leases'. The obligations relate to a lease that expires in the 'later than five years' category.

Land and buildings with leases that expire after five years comprises solely of a long lease for Savoy Place which expires in 2121. The present value of the minimum lease payments for this lease are estimated at 31 December 2019 to be £2,047,000 (31 December 2018: £2,097,000).

## 15. Trustees and related party transactions

During the year, travelling and subsistence expenses totalling £55,865 were incurred by 15 Trustees on behalf of the IET (2018: £66,292 by 17 Trustees). None of the Trustees, or persons connected with them, received remuneration for any service to the IET this year or last year.

Dr Peter Bonfield (Trustee, IET President from 1 October 2019) was Chief Executive of the BRE Group (BRE) during the period to April 2018. Professor Jeremy Watson (Trustee during the period to 30 September 2018) is BRE's Chief Scientist and Engineer. The IET has cooperated with the BRE Group on a range of activities, such as the solar photovoltaic standard and the organisation of events. IET Services Limited received £810 plus VAT (2018: £1,930 plus VAT) from the BRE Group during 2019 in respect of room hire, equipment hire and catering. There were no outstanding amounts due at 31 December 2019 (31 December 2018: £Nil). IET issued a credit note to the BRE Group during 2019 for £144 for wiring regulation book sales (2018: IET had amounts receivable of £324). There were no amounts outstanding at 31 December 2019 (31 December 2018: £144).

Dr Peter Bonfield (Trustee, IET President from 1 October 2019) was appointed as Vice-Chancellor at the University of Westminster during 2018. The IET received £5,147 from the University of Westminster during the year (2018: £2,550). £1,300 plus VAT was received in respect of fees for academic accreditation (2018: £650 plus VAT), £1,080 was received in respect of membership fees (2018: £1,770) and £2,089 plus VAT was received in respect of events (2018: £Nil). There were outstanding amounts due at 31 December 2019 of £2,979 plus VAT (31 December 2018: £Nil).

Mr Nick Winser (Trustee during the period to 30 September 2019) is Chairman of The Energy Systems Catapult (ESC).

IET Services Limited received £5,678 plus VAT from ESC during 2019 in respect of room hire, equipment hire and catering (2018: £19,026 plus VAT). There were outstanding amounts due at 31 December 2019 of £450 plus VAT (31 December 2018: £Nil). IET received £1,500 plus VAT from ESC during 2019 in respect of advertising (2018: £Nil). There were no outstanding amounts due at 31 December 2019 (31 December 2018: £Nil).

Dr Simon Harrison (Trustee) is Group Strategic Development Manager of Mott MacDonald. IET Services Limited had amounts receivable from Mott MacDonald in 2019 of £3,072 plus VAT for room and equipment hire (2018: £Nil). There were no outstanding amounts due at 31 December 2019 (31 December 2018: £Nil). IET had amounts receivable from Mott MacDonald in 2019 of £940 plus VAT for management fees for the Power Academy Project (2018: £2,320 plus VAT). There were amounts due at 31 December 2019 of £940 plus VAT (31 December 2018: £Nil).

Mr Sheahan Verghese (a Director for IET Services (India) Private Limited ("ISC") and Institution of Engineering and Technology ("IET India")), is also an owner in Tree of Life Associates ("TLA"). ISC had amounts payable to TLA in 2019 of INR 1,440,000 / £16,110 (2018: INR 1,440,000 / £15,968) relating to general corporate law advisory services. There were outstanding amounts payable of INR 120,000 / £1,283 at 31 December 2019 (31 December 2018: INR 120,000 / £1,350). IET India had amounts payable to TLA in 2019 of INR 480,000 / £5,370 (2018: INR 480,000 / £5,323) relating to general corporate law advisory services. There were outstanding amounts payable of INR 40,000 / £428 at 31 December 2019 (31 December 2018: INR 40,000 / £450).

The IET made gross payments during the year of £1,740 (2018: £568), for services rendered under a temporary employment contract, to the son (2018: daughter) of Mr. Edward Almond who is Director of Finance and Planning at the IET.

The Institution of Engineering and Technology Benevolent Fund (known as "Foothold" and formerly known as "IET Connect") provide benevolent services to IET members and staff.

Mrs Jayne Bryant (Trustee from 1 October 2017) was a trustee of Foothold during the period from 1 October 2017.

The IET had amounts receivable from Foothold in 2019 of £373,994 (2018: £384,757) principally relating to salary cost recharges, £1,815 (2018: £1,285) relating to IET group memberships and £Nil (2018: £240) relating to equipment hire. Amounts receivable of £33,706 were outstanding at 31 December 2019 (31 December 2018: £28,961). The IET had amounts payable to Foothold in 2019 of £344,311 (2018: £372,260) relating to donations collected on behalf of Foothold and £265 (2018: £1,335) relating to room hire and catering. There were no outstanding amounts payable at 31 December 2019 (31 December 2018: £Nil).

The IET has the following related party transactions with its Group entities:

Entity	Relationship	Ownership	Income 2019 £000	Expenditure 2019 £000	Debtor/ (creditor) at 31 Dec 2019 £000	Income 2018 £000	Expenditure 2018 £000	Debtor/ (creditor) at 31 Dec 2018 £000
IET Services Limited	Subsidiary	100%	6,549	(4,325)	2,425	7,033	(4,444)	1,513
IEE Conventions Limited	Subsidiary	100%	2,969	-	984	2,837	-	955
IET USA, Inc.	Subsidiary	100%	810	(861)	(35)	300	(812)	(192)
IET (India)	Subsidiary	100%	-	(183)	(29)	-	(197)	(8)
IET Services (India)	Subsidiary	100%	87	(561)	(55)	85	(502)	(73)
IET Holdings	Subsidiary	100%	-	-	-	-	(1)	-
IET (Beijing)	Subsidiary	100%	-	-	-	-	(794)	(73)
IET (Canada)	Subsidiary	100%	-	(37)	-	-	(21)	-
Institution of Engineering and Technology, USA	Subsidiary	100%	-	(31)	-	-	(8)	-

The IET is the immediate parent (except for IET (Beijing) whose immediate parent is IET Services Limited) and ultimate controlling party for the subsidiary entities listed above and these financial statements are publicly available.

IET Services Limited had amounts payable to IET (Beijing) during the year of £688,000 (2018: £368,000) in respect of business support services provided. An amount payable of £101,000 was outstanding at 31 December 2019 (31 December 2018: £143,000).

IEE Conventions Ltd has a debtor with its joint venture, IBC Partnership, at 31 December 2019 of £1,017,000 (31 December 2018: £988,000) relating to annual profits not yet distributed. Income in the year from IBC Partnership was £2,978,000 (2018: £2,848,000). There were no expenditure transactions with Group entities.

The intercompany balance with IET Services Limited includes an amount due to the IET in the current and prior year of £300,000. This amount represents the loan related to a Publishing Agreement that can be terminated by either party by giving not less than six months' notice. The loan carries interest at 1 per cent above UK Bank Base Rate per annum. The loan is secured by way of a fixed charge debenture. Except for this loan balance, all other intercompany balances between Group entities are unsecured and repayable under standard credit terms for consideration in cash.

IET Services Limited has 4 employees (2018: 4) who were members of IET's defined benefit pension scheme, 'The IET Superannuation and Assurance Scheme' (IET SAAS) from 1 October 2007 until its closure to future accrual on 31 March 2012. The directors of IET Services Limited consider that there is insufficient information to account for the Scheme as a Defined Benefit Scheme in its own accounts, in particular as separate contribution rates were not identified for the participating employers of the scheme. As such the Scheme is accounted for on a Defined Contribution basis in the accounts of IET Services Limited. The FRS 102 deficit of IET SAAS at 31 December 2019 as calculated by the Scheme Actuary is £2,036,000 (2018: deficit of £4,633,000), full details of which are set out in Note 17. A recovery plan has been agreed between the principal employer, The IET, and the Scheme Trustees in respect of the deficit calculated based on the position at 31 March 2017, the date of the most recent triennial actuarial valuation. IET Services Limited's contribution into this Scheme during 2019 was nil (2018: nil).

## 16. Reserves

### General Funds

**The General Funds** of the charity represent those unrestricted funds of the charity which have not been designated for a particular purpose by the Trustees. An appropriate level of reserves is required by the IET to manage contingencies and risk and thereby protect the continuity of its activities. The general funds are managed over the long term by reference to the key risks identified for the IET; currently including business continuity, investment volatility and pension liabilities. This target-based approach is described in the Reserves Policy on pages 38 and 39.

### Designated Funds

**The Fixed Assets Reserve** represents the net book value of tangible fixed assets.

**The Invested Building Redemption Reserve** has been set up to provide the future funds required to rebuild or replace the Regional Centres over time and to provide a sum of money to refurbish Savoy Place at an appropriate interval during the lifetime of the lease. It also includes the estimate current cost of refurbishing Michael Faraday House.

**The Development and New Initiatives Reserve** has been established to fund those projects which have been approved to be undertaken and is also to underwrite new revenue-generating activities to supplement the income from existing activities during the period 2020-2022 as set out in the IET's Corporate Plan.

The results of the FRS 102 valuation in respect of the IET's defined benefit pension schemes are disclosed in more detail in Note 17. The net pension scheme liability are disclosed under

**The Pension Scheme Funding Reserve.**

**Accumulated Funds** are in connection with the IET's subsidiary companies and represent amounts retained by those companies. Dividends are paid from time to time as allowed by local jurisdictions.

### Restricted Funds

The **Trust Funds** have been established to receive donations and bequests which are restricted by the donor to the support of certain activities. These funds typically support scholarships, awards, prizes and research.

Trust Funds are managed alongside the IET's unrestricted investment portfolio and are shown at fair value at 31 December 2019.

The **Dr A F Harvey Fund** is a part of the IET Benefactors Trust Fund but is shown separately because of its significance. Dr Harvey, an IET member, bequeathed a generous sum of money to the IET for a Trust Fund to be set up in his name after his death. The terms of the Trust specify that the money is to be used for the furtherance of scientific research into the fields of medical, microwave and radar, or laser engineering. The Board of Trustees agreed that the available funds would be used to offer an annual research prize in one of these research fields each year, covering them all over a three-year cycle.

**The Impact Engineering Fund** represents monies that have been donated to the IET for various specific purposes.

A number of these funds are also linked charities. The most significant linked charity by size is the IET Benefactors Trust Fund which is the IET's principal Restricted Fund and was established for such charitable purposes connected with the Institution or connected with the advancement of education in electrical engineering generally including the establishment and award of scholarships, fellowships, lectureships, competitions, prizes and awards. It is shown separately on the basis of materiality.

The largest of the other linked charities is the Lord Hirst Fund which provides financial support to engineers in financial need, with funds at 31 December 2019 of £496,000 (31 December 2018: £450,000). The full list of linked charities is provided in Note 16a.

In addition, the Janet Firmin Memorial Fund had funds of £627,000 as at 31 December 2019 (31 December 2018: £605,000). The Fund is not a linked charity.

### Transfers between Funds

Transfers between Unrestricted Funds represent specific designations agreed by the Trustees and which Designations are to be applied to those purposes.

## 16a. Linked Charities

The IET Linked Charities that hold a value in Trust Funds within the Restricted Funds are as follows:

### Permanent endowments - Other Trust Funds

Linked Charity Name	Registration Number
Wilde Benevolent Trust Fund	211014-1
The Institution Prize for Women	211014-3
William Beedie Esson Scholarship	211014-6
Will Geipel Scholarship	211014-7
Goldup Prize Fund	211014-8
Percy Hudswell Fund	211014-9
David Hughes Scholarship	211014-10
I M E A Scholarship Fund	211014-12
J D Knight and E D Knight	211014-13
Sir Edward Manville Scholarship Fund	211014-15
O'Gorman Memorial Fund	211014-18
The Page Prize	211014-19
Sir Charles A Parsons Memorial Scholarship	211014-20
Paul Scholarship	211014-21
John S Robinson Memorial Fund	211014-22
Salomons Scholarship	211014-23
Swan Memorial Scholarship Fund	211014-24
Thorrowgood Scholarship	211014-25
War Thanksgiving Education and Research Fund No 1	211014-26
Lord Hirst Fund	211014-31
The Joseph William Beauchamp Scholarships	211014-32
The Caroline Haslett Memorial Trust	211014-34

### Expendable endowments – IET Benefactors Trust Fund:

Linked Charity Name	Registration Number
IET Benefactors Trust Fund	211014-14
The Institution of Electrical Engineers Manufacturing Education Trust	211014-30

### Expendable endowments – Other Trust Funds

Linked Charity Name	Registration Number
J R Beard Travelling Fund	211014-4
Blumlein-Browne-Willans Premium Fund	211014-5
Hunter Memorial Lecture Fund	211014-11
Henry Nimmo Premium Fund	211014-16
Leslie H Paddle Scholarship Fund	211014-27

## 16b. Reserves and Restricted Funds

Group – Year ended 31 December 2019

	Balance at 1 January 2019 £000	Net Income/ (Expenditure) £000	Other recognised (losses)/ gains £000	Transfers £000	Balance at 31 December 2019 £000
<b>Total General Funds</b>	<b>89,261</b>	<b>20,484</b>	-	<b>(11,767)</b>	<b>97,978</b>
<b>Designated Funds</b>					
Fixed Assets Reserve	31,774	(1,910)	-	(315)	29,549
Invested Building Redemption Reserve	25,215	-	-	2,262	27,477
Development and New Initiatives Reserve	11,000	(4,108)	-	8,608	15,500
IEECL Accumulated Fund	116	-	-	-	116
IET India Accumulated Fund	102	7	-	-	109
IET Services (India) Accumulated Fund	402	17	-	-	419
IET USA, Inc. Accumulated Fund	450	(243)	-	-	207
IET (Beijing) Accumulated Fund	276	71	-	-	347
<b>Total Designated Funds</b>	<b>69,335</b>	<b>(6,166)</b>	-	<b>10,555</b>	<b>73,724</b>
<b>Total Unrestricted Funds Before Pension Liability</b>	<b>158,596</b>	<b>14,318</b>	-	<b>(1,212)</b>	<b>171,702</b>
Pension Scheme Funding Reserve	(4,496)	(139)	1,240	1,212	(2,183)
Foreign exchange gains arising on retranslation of foreign subsidiaries	27	-	(56)	-	(29)
<b>Total Unrestricted Funds After Pension Liability</b>	<b>154,127</b>	<b>14,179</b>	<b>1,184</b>	-	<b>169,490</b>
<b>Permanent Endowment Funds</b>					
Other Trust Funds	1,809	223	-	-	2,032
<b>Expendable Endowment Funds</b>					
IET Benefactors Trust Fund	5,938	552	-	(9)	6,481
Dr A F Harvey Fund	5,047	718	-	-	5,765
Other Trust Funds	396	52	-	-	448
<b>Total Expendable Endowment</b>	<b>11,381</b>	<b>1,322</b>	-	<b>(9)</b>	<b>12,694</b>
<b>Total Endowment Funds</b>	<b>13,190</b>	<b>1,545</b>	-	<b>(9)</b>	<b>14,726</b>
<b>Restricted Income Funds</b>					
Impact Engineering Funds	357	39	-	-	396
Other Trust Funds	329	19	-	9	357
<b>Total Restricted Income Funds</b>	<b>686</b>	<b>58</b>	-	<b>9</b>	<b>753</b>
Other Restricted Fund	-	13	-	-	13
<b>Restricted Funds</b>	<b>13,876</b>	<b>1,616</b>	-	-	<b>15,492</b>
<b>Total Group Funds</b>	<b>168,003</b>	<b>15,795</b>	<b>1,184</b>	-	<b>184,982</b>

## 16b. Reserves and Restricted Funds (continued)

Group – Year ended 31 December 2018

	Balance at 1 January 2018 £000	Net Income/ (Expenditure) £000	Pension Scheme Actuarial Gain £000	Transfers £000	Balance at 31 December 2018 £000
<b>Total General Funds</b>	<b>92,283</b>	<b>7,124</b>	<b>-</b>	<b>(10,146)</b>	<b>89,261</b>
<b>Designated Funds</b>					
Fixed Assets Reserve	33,635	(2,149)	-	288	31,774
Invested Building Redemption Reserve	20,833	-	-	4,382	25,215
Development and New Initiatives Reserve	10,800	(4,145)	-	4,345	11,000
IEECL Accumulated Fund	116	-	-	-	116
IETSL Accumulated Fund	94	-	-	(94)	-
IET India Accumulated Fund	95	7	-	-	102
IET Services (India) Accumulated Fund	291	111	-	-	402
IET Holdings Accumulated Fund	1	(1)	-	-	-
IET USA, Inc. Accumulated Fund	327	123	-	-	450
IET (Beijing) Accumulated Fund	188	88	-	-	276
<b>Total Designated Funds</b>	<b>66,380</b>	<b>(5,966)</b>	<b>-</b>	<b>8,921</b>	<b>69,335</b>
<b>Total Unrestricted Funds Before Pension Liability</b>	<b>158,663</b>	<b>1,158</b>	<b>-</b>	<b>(1,225)</b>	<b>158,596</b>
Pension Scheme Funding Reserve	196	(302)	(5,615)	1,225	(4,496)
Foreign exchange gains arising on retranslation of foreign subsidiaries	-	-	27	-	27
<b>Total Unrestricted Funds After Pension Liability</b>	<b>158,859</b>	<b>856</b>	<b>(5,588)</b>	<b>-</b>	<b>154,127</b>
<b>Permanent Endowment Funds</b>					
Other Trust Funds	1,871	(62)	-	-	1,809
<b>Expendable Endowment Funds</b>					
IET Benefactors Trust Fund	6,292	(348)	-	(6)	5,938
Dr A F Harvey Fund	5,593	(546)	-	-	5,047
Other Trust Funds	445	(48)	-	(1)	396
<b>Total Expendable Endowment</b>	<b>12,330</b>	<b>(942)</b>	<b>-</b>	<b>(7)</b>	<b>11,381</b>
<b>Total Endowment Funds</b>	<b>14,201</b>	<b>(1,004)</b>	<b>-</b>	<b>(7)</b>	<b>13,190</b>
<b>Restricted Income Funds</b>					
Impact Engineering Funds	449	(92)	-	-	357
Other Trust Funds	377	(55)	-	7	329
<b>Total Restricted Income Funds</b>	<b>826</b>	<b>(147)</b>	<b>-</b>	<b>7</b>	<b>686</b>
<b>Restricted Funds</b>	<b>15,027</b>	<b>(1,151)</b>	<b>-</b>	<b>-</b>	<b>13,876</b>
<b>Total Group Funds</b>	<b>173,886</b>	<b>(295)</b>	<b>(5,588)</b>	<b>-</b>	<b>168,003</b>

## 16b. Reserves and Restricted Funds (continued)

Charity – Year ended 31 December 2019

	Balance at 1 January 2019 £000	Net Income/ (Expenditure) £000	Other recognised (losses)/ gains £000	Transfers £000	Balance at 31 December 2019 £000
<b>Total General Funds</b>	<b>89,795</b>	<b>20,311</b>	-	<b>(11,759)</b>	<b>98,347</b>
<b>Designated Funds</b>					
Fixed Assets Reserve	31,769	(1,906)	-	(323)	29,540
Invested Building Redemption Reserve	25,215	-	-	2,262	27,477
Development and New Initiatives Reserve	11,000	(4,108)	-	8,608	15,500
<b>Total Designated Funds</b>	<b>67,984</b>	<b>(6,014)</b>	-	<b>10,547</b>	<b>72,517</b>
<b>Total Unrestricted Funds Before Pension Liability</b>	<b>157,779</b>	<b>14,297</b>	-	<b>(1,212)</b>	<b>170,864</b>
Pension Scheme Funding Reserve	(4,496)	(139)	1,240	1,212	(2,138)
<b>Total Unrestricted Funds After Pension Liability</b>	<b>153,283</b>	<b>14,158</b>	<b>1,240</b>	-	<b>168,681</b>
<b>Permanent Endowment Funds</b>					
Other Trust Funds	1,809	223	-	-	2,032
<b>Expendable Endowment Funds</b>					
IET Benefactors Trust Fund	5,938	552	-	(9)	6,481
Dr A F Harvey Fund	5,047	718	-	-	5,765
Other Trust Funds	396	52	-	-	448
<b>Total Expendable Endowment</b>	<b>11,381</b>	<b>1,322</b>	-	<b>(9)</b>	<b>12,694</b>
<b>Total Endowment Funds</b>	<b>13,190</b>	<b>1,545</b>	-	<b>(9)</b>	<b>14,726</b>
<b>Restricted Income Funds</b>					
Impact Engineering Funds	357	39	-	-	396
Other Trust Funds	329	19	-	9	357
<b>Total Restricted Income Funds</b>	<b>686</b>	<b>58</b>	-	<b>9</b>	<b>753</b>
Other Restricted Fund	-	13	-	-	13
<b>Restricted Funds</b>	<b>13,876</b>	<b>1,616</b>	-	-	<b>15,492</b>
<b>Total Charity Funds</b>	<b>167,159</b>	<b>15,774</b>	<b>1,240</b>	-	<b>184,173</b>

## 16b. Reserves and Restricted Funds (continued)

### Charity – Year ended 31 December 2018

	Balance at 1 January 2018 £000	Net Income/ (Expenditure) £000	Other recognised (losses)/ gains £000	Transfers £000	Balance at 31 December 2018 £000
<b>Total General Funds</b>	<b>92,733</b>	<b>7,302</b>	<b>-</b>	<b>(10,240)</b>	<b>89,795</b>
<b>Designated Funds</b>					
Fixed Assets Reserve	33,628	(2,147)	-	288	31,769
Invested Building Redemption Reserve	20,833	-	-	4,382	25,215
Development and New Initiatives Reserve	10,800	(4,145)	-	4,345	11,000
<b>Total Designated Funds</b>	<b>65,261</b>	<b>(6,292)</b>	<b>-</b>	<b>9,015</b>	<b>67,984</b>
<b>Total Unrestricted Funds Before Pension Liability</b>	<b>157,994</b>	<b>1,010</b>	<b>-</b>	<b>(1,225)</b>	<b>157,779</b>
Pension Scheme Funding Reserve	196	(302)	(5,615)	1,225	(4,496)
<b>Total Unrestricted Funds After Pension Liability</b>	<b>158,190</b>	<b>708</b>	<b>(5,615)</b>	<b>-</b>	<b>153,283</b>
<b>Permanent Endowment Funds</b>					
Other Trust Funds	1,871	(62)	-	-	1,809
<b>Expendable Endowment Funds</b>					
IET Benefactors Trust Fund	6,292	(348)	-	(6)	5,938
Dr A F Harvey Fund	5,593	(546)	-	-	5,047
Other Trust Funds	445	(48)	-	(1)	396
<b>Total Expendable Endowment</b>	<b>12,330</b>	<b>(942)</b>	<b>-</b>	<b>(7)</b>	<b>11,381</b>
<b>Total Endowment Funds</b>	<b>14,201</b>	<b>(1,004)</b>	<b>-</b>	<b>(7)</b>	<b>13,190</b>
<b>Restricted Income Funds</b>					
Impact Engineering Funds	449	(92)	-	-	357
Other Trust Funds	377	(55)	-	7	329
<b>Total Restricted Income Funds</b>	<b>826</b>	<b>(147)</b>	<b>-</b>	<b>7</b>	<b>686</b>
<b>Restricted Funds</b>	<b>15,027</b>	<b>(1,151)</b>	<b>-</b>	<b>-</b>	<b>13,876</b>
<b>Total Charity Funds</b>	<b>173,217</b>	<b>(443)</b>	<b>(5,615)</b>	<b>-</b>	<b>167,159</b>

## 16c. Other Restricted Fund

The Other Restricted Fund is a grant awarded to the IET during the year by the Department for Digital, Culture, Media & Sport as delivery lead for the new UK Cyber Security Council. Movements in the Fund during the year have been as follows:

	£000
Balance at 1 January 2019	-
Income	92
Expenditure	(79)
<b>Balance at 31 December 2019</b>	<b>13</b>

## 16d. Analysis of Group Net Assets Between Funds

### 31 December 2019

	Unrestricted funds 2019 £000	Restricted and endowment funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	29,549	-	29,549
Fixed asset investments	126,184	16,866	143,050
Current assets	38,772	1,031	39,803
Current liabilities	(19,663)	(989)	(20,652)
Long term creditors	(3,169)	(1,416)	(4,585)
Pension scheme liability	(2,138)	-	(2,138)
	<b>169,490</b>	<b>15,492</b>	<b>184,982</b>

### 31 December 2018

	Unrestricted funds 2018 £000	Restricted and endowment funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	31,774	-	31,774
Fixed asset investments	127,277	14,684	141,961
Current assets	21,103	1,410	22,513
Current liabilities	(19,132)	(775)	(19,907)
Long term creditors	(2,399)	(1,443)	(3,842)
Pension scheme liability	(4,496)	-	(4,496)
	<b>154,127</b>	<b>13,876</b>	<b>168,003</b>

## 16e. Analysis of IET Net Assets Between Funds

31 December 2019

	Unrestricted funds 2019 £000	Restricted and endowment funds 2019 £000	Total funds 2019 £000
Intangible fixed assets	81	-	81
Tangible fixed assets	29,540	-	29,540
Fixed asset investments	125,611	16,866	142,477
Current assets	36,317	1,031	37,348
Current liabilities	(17,516)	(989)	(18,505)
Long term creditors	(3,169)	(1,416)	(4,585)
Pension scheme liability	(2,183)	-	(2,183)
	<b>168,681</b>	<b>15,492</b>	<b>184,173</b>

31 December 2018

	Unrestricted funds 2018 £000	Restricted and endowment funds 2018 £000	Total funds 2018 £000
Intangible fixed assets	163	-	163
Tangible fixed assets	31,769	-	31,769
Fixed asset investments	126,740	14,684	141,424
Current assets	18,936	1,410	20,346
Current liabilities	(17,430)	(775)	(18,205)
Long term creditors	(2,399)	(1,443)	(3,842)
Pension scheme liability	(4,496)	-	(4,496)
	<b>153,283</b>	<b>13,876</b>	<b>167,159</b>

## 17. Pension Schemes

### 17a. Defined Benefit Schemes

The IET operated two defined benefit pension schemes during the year, The IET Superannuation & Assurance Scheme (IET SAS) and The Institution of Incorporated Engineers Pension and Life Assurance Scheme (IIE PLAS), both of which are closed to new entrants and to future accrual. The schemes are subject to triennial valuations by independent actuaries using the projected units method.

For the purposes of these financial statements actuaries carried out FRS 102 valuations for both schemes for the year ended 31 December 2019.

During the year the IIE PLAS was closed to future accrual with the one previously active member moving to deferred status. Assets and liabilities in respect of IIE PLAS deferred members were transferred to the IET SAS on 11 October 2019 by way of a bulk transfer. Liabilities and annuity policies in respect of IIE pensioner members were assigned to these individual members and the IIE PLAS is in the process of being wound-up.

#### The IET Superannuation & Assurance Scheme (IET SAS)

The scheme is administered through a trust, which is independent of the IET, by Trustees who are appointed by IET and member-nominated Trustees. The figures below exclude the pension expenses or employees of Foothold, a separate charity organisation that also participates in the defined benefit scheme.

The most recent triennial valuation was carried out as at 31 March 2017.

The IET expects to contribute £1,188,000 to the Scheme in the year ending 31 December 2020.

#### The Institution of Incorporated Engineers Pension and Life Assurance Scheme (IIE PLAS)

The most recent triennial valuation was carried out as at 1 November 2016.

## Assumptions

The tables set out below state the assumptions upon which the valuations of the Schemes were based.

	IET SAS 2019 % pa	IET SAS 2018 % pa	IIE PLAS 2019 % pa	IIE PLAS 2018 % pa
Price inflation (RPI)	3.20	3.45	3.20	3.45
Price inflation (CPI)	2.30	2.45	2.30	2.45
Pension increase rate LP15	3.10	3.30	3.10	3.30
Pension increase rate CP15	n/a	n/a	2.30	n/a
Pension increase rate CP12.5	n/a	n/a	1.80	n/a
Salary increases	n/a	n/a	n/a	4.50
Discount rate	2.00	2.80	2.00	2.80

The mortality assumptions adopted imply the following life expectancies from age 60:

	IET SAS 2019	IET SAS 2018	IIE PLAS 2019	IIE PLAS 2018
Member age 60 – male (current life expectancy)	27.7	28.3	27.7	28.1
Member age 60 – female (current life expectancy)	29.4	30.2	29.4	30.0
Member age 40 – male (future pensioner)	29.1	29.8	29.1	29.6
Member age 40 – female (future pensioner)	30.9	31.7	30.9	31.6

## Analysis of the amounts charged to Statement of Financial Activities

	IET SAS 2019 £000	IIE PLAS 2019 £000	Total 2019 £000	Total 2018 £000
Current service cost	-	28	28	33
Past service cost	-	-	-	283
Administration costs	-	1	1	5
Net interest (credit)/charge on net defined benefit liability	114	(4)	110	(19)
<b>Net amount charged to Statement of Financial Activities</b>	<b>114</b>	<b>25</b>	<b>139</b>	<b>302</b>

	IET SAS 2019 £000	IIE PLAS 2019 £000	Total 2019 £000	Total 2018 £000
Actual return on assets excluding amounts included in net interest	9,164	618	9,782	(13,905)
Actuarial (losses)/gains arising on scheme liabilities	(9,469)	232	(9,237)	8,966
Decrease/(increase) in irrecoverable surplus from membership fall and other factors	-	695	695	(676)
<b>Actuarial (losses)/gains charged to the Statement of Financial Activities</b>	<b>(305)</b>	<b>1,545</b>	<b>1,240</b>	<b>(5,615)</b>

## Analysis of the amounts recognised in the Balance Sheet

	IET SAS 2019 £000	IIE PLAS 2019 £000	Total 2019 £000	Total 2018 £000
<b>Changes to fair value of scheme assets</b>				
Opening fair value of scheme assets	142,877	2,819	145,696	159,446
Interest income	3,955	79	4,034	3,936
Contributions by plan participants	-	2	2	2
Contributions by employer	1,188	24	1,212	1,225
Benefits paid	(4,508)	(1)	(4,509)	(5,008)
Return on Scheme assets excluding interest income	9,164	618	9,782	(13,905)
Transfer of IIE PLAS assets	3,541	(3,541)	-	-
<b>Closing fair value of scheme assets</b>	<b>156,217</b>	<b>-</b>	<b>156,217</b>	<b>145,696</b>

	IET SAS 2019 £000	IIE PLAS 2019 £000	Total 2019 £000	Total 2018 £000
<b>Changes to present value of benefit obligations</b>				
Opening present value of benefit obligations	147,510	2,006	149,516	159,250
Current service cost	-	28	28	33
Past service cost	-	-	-	283
Interest costs	4,069	56	4,125	3,917
Contributions by plan participants	-	2	2	2
Benefits paid	(4,508)	(1)	(4,509)	(5,008)
Expenses	-	1	1	5
Actuarial losses/(gains)	9,469	(232)	9,237	(8,966)
Transfer of IIE PLAS benefit obligations	1,860	(1,860)	-	-
<b>Closing present value of benefit obligations</b>	<b>158,400</b>	<b>-</b>	<b>158,400</b>	<b>149,516</b>

	IET SAS 2019 £000	IIE PLAS 2019 £000	Total 2019 £000	Total 2018 £000
Fair value of scheme assets	156,217	-	156,217	145,696
Present value of benefit obligations	(158,400)	-	(158,400)	(149,516)
Amount of surplus not considered recoverable	-	-	-	(676)
<b>Net deficit</b>	<b>(2,183)</b>	<b>-</b>	<b>(2,183)</b>	<b>(4,496)</b>

## Fund assets

The major categories of plan assets as a percentage of total plan assets are as follows:

	2019 £000	2019 %	2018 £000	2018 %
<b>IET SAS</b>				
UK Equities	448	0.3	396	0.3
Overseas Equities	15,285	9.8	12,213	8.6
Debt Securities - Government	48,257	30.9	42,321	29.6
Debt – Multi Asset Credit	14,954	9.5	-	-
Diversified Growth Funds	-	-	13,599	9.5
Insurance contracts	73,276	46.9	73,878	51.7
Aviva DAF Fund	3,541	2.2	-	-
Cash and cash equivalents	456	0.3	470	0.3
	<b>156,217</b>	<b>100.0</b>	<b>142,877</b>	<b>100.0</b>
<b>IIE PLAS</b>				
Aviva DAF Fund	-	-	2,819	100.0

None of the fair values of the assets shown include any of the IET's own financial instruments or any property occupied by, or other assets used by, the IET.

## Sensitivity analysis

The calculation of the IET SAS defined benefit obligation is sensitive to the assumptions set out above. The table set out below shows the impact on the value of the benefit obligation as at 31 December 2019 of a change in assumptions:

	Actuarial value of liabilities at 31 December 2019 £000
Base Case	158,400
-0.5% decrease in discount rate	172,623
1 year increase in member life expectation	164,715
+0.5% change in inflation	169,384

## 17b. Defined Contribution Schemes

Both the IET and employees make contributions towards the IET's defined contribution stakeholder pension arrangement. At 31 December 2019, 573 Group employees were members of the scheme (2018: 567). The total employer contributions paid to this scheme during the year amounted to £2,312,000 (2018: £1,980,000).

The pension charge for the year to 31 December 2019 for all schemes was £2,447,000 (2018: £2,282,000).

## 18. Post balance sheet events

To the extent events taking place since the 31 December 2019 and up until the approval of the report and accounts by the Board of Trustees provide material information about conditions existing at 31 December 2019 they have been reflected in the financial statements and notes.

Events taking place since the year ending 31 December 2019 which provide information relevant to understanding the IET Group's general financial position, but not requiring adjustment of the reported results for the year, are reported here.

While COVID-19 was in existence in 2019, the disease was not reported to the World Health Organisation until 31 December and not declared a Public Health Emergency of International Concern until 30 January 2020. As COVID-19 has spread during 2020 it has had significant healthcare and financial impacts for governments, organisations and populations around the world. These impacts have been felt directly and indirectly by the IET both financially and in respect of delivering some of its charitable activities that have traditionally depended on physical attendance.

Financially, revenues associated with events and meetings, including room hire within our buildings, have been impacted directly, while other revenue streams have been affected by the wider impacts on economic activity caused by the virus and the responses to the pandemic. Costs have also been saved from the curtailment of activity. The crisis has resulted in significant impacts and volatility within financial markets in a range of asset classes held within the IET investment portfolio, while market movements have also impacted the IET Superannuation and Assurance Scheme (the Scheme) assets and liabilities. These impacts have been mitigated to a degree by diversification of asset classes within IET's investment portfolio, and a number of measures taken by the pension scheme trustees in agreement with the IET to reduce funding risk within the Scheme. The IET's own investment portfolio, with the exception of direct property investment, is considered sufficiently liquid to draw down to meet financial obligations as required.

The Executive team and Board of Trustees response has focussed on the health, safety and wellbeing of its staff and volunteers, together with maintaining charitable activity and impact as much as possible while remaining cognisant of protecting the financial position of the charity. Impacts of the crisis on the operating position, investment values and pension liabilities have been modelled and monitored in the context of IET's reserve position. Although the impacts are significant and considerable uncertainty remains, the risk mitigations in place, together with a robust reserve position and the availability of liquid assets, mean the IET Trustees consider the organisation to continue to be a going concern.

Since the year end the Trustees were also pleased to announce in June 2020 that it had entered into an Open Access publishing partnership with John Wiley & Sons Inc. Under the agreement, IET will transition its portfolio of hybrid journals into a 'gold' OA model from January 2021. The model will allow free access around the world to IET journal content in the future.

# Legal and administrative information

The Institution of Engineering and Technology (IET) is registered with the Charity Commission for England and Wales under charity number 211014 and the Office of the Scottish Charity Regulator under charity number SC038698.

## Principal Office

Savoy Place, London WC2R 0BL, UK

## Trustees

**Members of the Board of Trustees at the date the report was approved:**

- Miss Y Akinola
- Dr C M Arthur
- Dr I S Belger
- Professor P T Blythe (appointed 1 October 2019)
- Dr P W Bonfield
- Ms J K Bryant
- Mr M D Carr
- Mr J Dunn
- Professor D A George
- Dr S C A Harrison
- Dr A C Harter (appointed 1 October 2019)
- Miss S E Hubbard
- Dr G Katragadda (appointed 1 October 2019)
- Ms D E Ohlson (appointed 1 October 2019)
- Ms A Randall
- Air Marshal Sir Julian Young

**Other Trustees who served during the period of the report:**

- Mr A R Bevington (retired 30 September 2019)
- Mrs V M Hodge (retired 30 September 2019)
- Professor J A Noble (retired 30 September 2019)
- Mr N P Winser (retired 30 September 2019)

## Executive Team

- Mr N Fine (Chief Executive and Secretary)
- Mr E L Almond (Director Finance and Planning)
- Mr R M Best (Director of IT and Digital Services)
- Ms M H Dason-Barber (Director of Human Resources)
- Mr S D Edwards (Director of Governance and External Engagement)
- Mr G J Grant (Director of Knowledge)
- Ms M D Richmond (Director of Membership and Professional Development)

## Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

## Bankers

Barclays Bank Plc, One Churchill Place, London E14 5HP

## Solicitors

Mills & Reeve, Botanic House, 100 Hills Road, Cambridge CB2 1PH

## Investment Manager

BlackRock Advisors (UK) Limited, 33 King William Street, London EC4R 9AS

## Custodian

BNY Mellon, London Branch, One Canada Square, London E14 5AL

## Investment Advisers

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# Working to engineer a better world

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