



Annual Report and Accounts 2020



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Registered Charity No. 212992 • Chief Executive: Gwynne Lewis • Founded 1889. Incorporated by Royal Charter 1933 • Licensed body of the Engineering Council (UK) and the Science Council
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About the IMarEST

Background

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

Our charitable purposes are to:

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

Vision and Mission

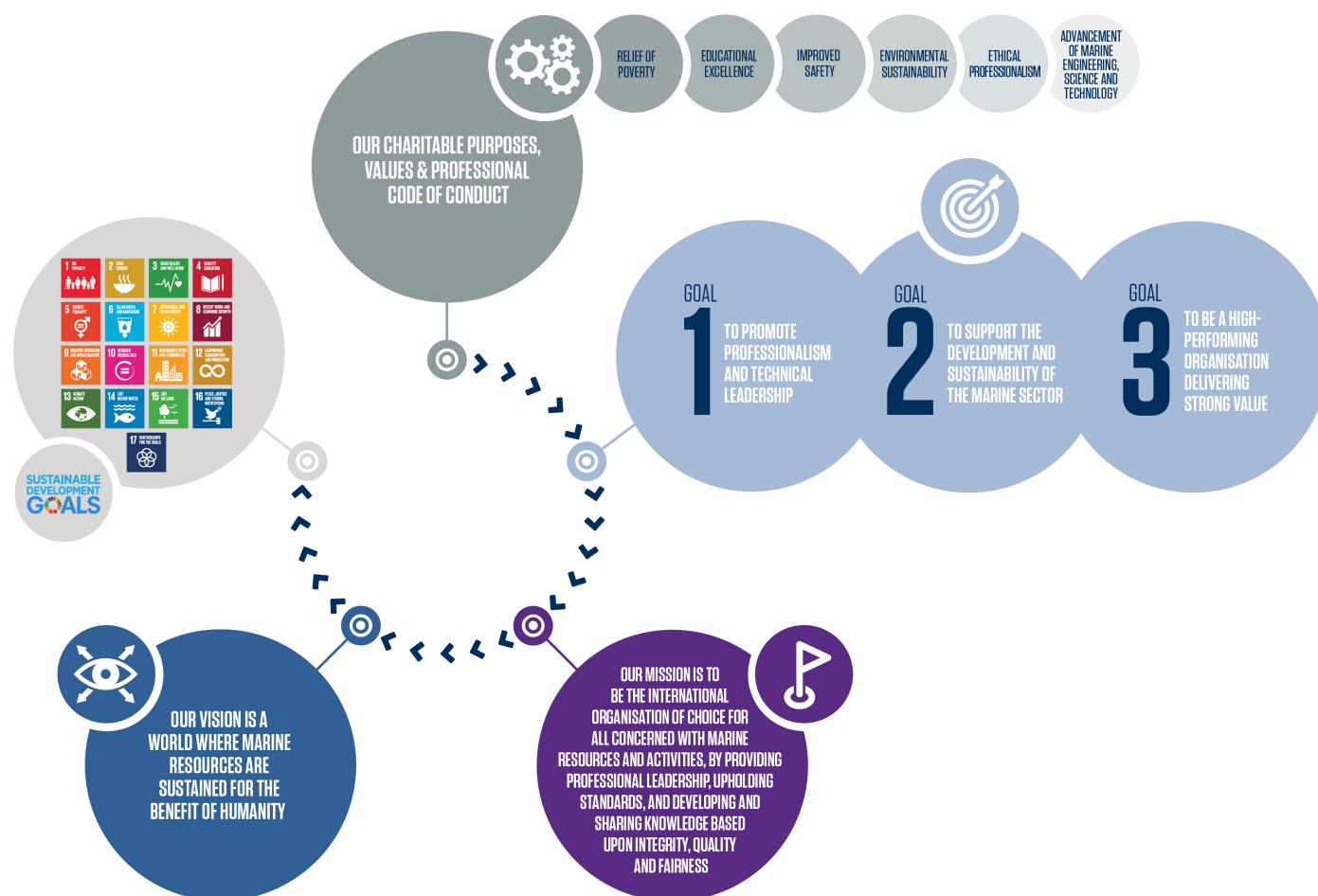
Our vision is a world where marine resources and activities are sustained, managed and developed for the benefit of humanity. Our mission is to be the international organisation of choice for all concerned with marine resources and activities, by providing professional leadership, upholding standards,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

Strategic Plan

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

1. To promote professionalism and technical leadership;
2. To support the development and sustainability of the marine sector; and
3. To be a high performing organisation delivering strong value.

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



Chair's Foreword and Review of the Year

We are now at the end of the third year of our 5-year Strategic Plan, begun in 2018, which lays out the Institute's chief aims through the three strategic goals as outlined in the above diagram. This year has not proceeded as any of us would have expected when it started in October 2019. For the first half of the year the Institute executed the original business plan then, in response to the global crisis brought on by the Covid-19 pandemic, the Institute was forced to amend plans from the middle of March 2020. The remainder of the year was re-focused on initiating the business continuity plan, switching to remote working and responding effectively and quickly to ensure the health, safety and well-being of staff and volunteers. Despite this unprecedented operational challenge, the Institute maintained global delivery of all key member processes and services and continued to deliver value to members using creativity to adapt to the changing environment. Not all activity could be maintained, some physical events and accreditation visits had to be cancelled, although most events could be transformed into a digital format. Resources were swiftly re-allocated to support branches to ensure continuity of their technical programmes in a new digital format and extra support was provided to SIG communities and volunteer committees to aid the transition to digital working.

The Institute's robust IT infrastructure and systems and investment in the digital transformation of our membership proposition over the past five years undoubtedly paid dividends which enabled the Institute to adapt quickly and efficiently to the changing restrictions. However it was the dedication, creativity and flexibility of the staff and volunteers to adopt new ways of working and trialling new ideas that really enabled the Institute to deliver and continue to make progress (despite the Covid-19 crisis) against the three goals in the Strategic Plan 2018-2022: promoting professionalism and technical leadership; supporting the development and sustainability of the marine sector; and establishing the Institute as a high performing organisation delivering strong value.

Strategic Goal 1: To Promote Professionalism and Technical Leadership

The Institute expanded the professional accreditation offer with the first 'Certificate of Excellence' awarded jointly by the IMarEST and the Nautical Institute to the Bangladesh Marine Academy. Academic accreditations were awarded to Ningbo China University, Solent University and the University of Aberdeen and an industry accreditation (IPD) was awarded to Dahra Global. The IMarEST developed and accredited a new defined route for membership and registration for the UK's Maritime and Coastguard Agency and eight further CPD recognition certificates were awarded throughout the year to marine organisations. Eight new organisations joined as Marine Members during the year and eight new NGO Partners were brought onboard.

A workshop was delivered at the Ocean Sciences conference in San Diego, US on the role of professional certification for the oceanographic community. The IMarEST website was updated to promote the professional registration offer and new videos highlighting the benefits of registration and CPD were widely distributed. Work was completed to expand the competency models for a new specialist postnominal descriptor for professionals working with Remotely Operated Vehicles (ROVs) which will be launched in the next year.

The Institute delivered a wide range of CPD opportunities with the number of users of the IMarEST Echo app (for CPD recording and consumption) increasing by 400. The events programme, central to the CPD offering, began with supporting the delivery of the 4th ANZSPAC Biofouling workshop and 1st GloFouling R&D Forum in Melbourne, Australia and the PACIFIC International Maritime Conference in Sydney, Australia. More than 130 international delegates attended the inaugural International Conference on Marine Engineering and Technology (ICMET) Oman which was delivered in partnership with the Military Technological College in Muscat. The third edition of our 'Oceans of Knowledge' event series was held at the Royal Institution in London, followed by an evening reception to celebrate the launch of 'Our Oceans: Our Future', a film produced jointly with ITN Productions, and in December a Lord Kelvin lecture on deep sea mining at Baden Powell House in London was delivered.

In response to the Covid crisis the events programme was transformed into a digital offering and resulted in the successful delivery of the first ever fully digital IMarEST Annual Conference which received a record number of over 3,000 event registrations. Delegates tuned in live from 77 countries and post-event there have been over 8,000 views of content on IMarEST TV. The Executive re-allocated resources to support branches in the online delivery of their technical programmes and supported Special Interest Group (SIG) communities and committees in the transition to digital working throughout the rest of the year. As a result, the HQ events team has maintained delivery of an online series of events with 8,274 people registered to attend events since the Covid crisis began in March.

The Institute's technical leadership was further strengthened with the introduction of five new Special Interest Groups during the year: Marine Mammals, Cyber Risk Management, Global Fisheries Improvements, Ocean Plastics & Marine Litter and Ship Repair, Maintenance & Safety.

The IMarEST technical leadership continued through the delivery of our peer-reviewed technical journals, with the Journal of Operational Oceanography receiving a significant rise in its impact factor bringing it into the Top 4 for all journals published in ocean science globally.

High-level intergovernmental meetings attended included the 51st sessions of the United Nations Intergovernmental Panel on Climate Change (IPCC 51) and the Ministerial Conference on Fishing Vessel Safety and Illegal, Unreported and Unregulated (IUU) Fishing, organised by the International Maritime Organization (IMO) and the Government of Spain. The IMarEST also participated in a Roundtable of Ocean Industry Association Leaders (ROIAL) at the Sustainable Ocean Summit held in Paris, France.

The intergovernmental calendar was impacted by Covid-19 in the second half of the year; however the IMarEST continued to contribute to virtual meetings of the International Maritime Organization (IMO) including the Intersessional Working Group on Greenhouse Gas Emissions (ISWG-GHG) and submitted a member-led paper related to Deep Sea Carbon Capture & Storage (CCS) to the meeting of the London Convention Scientific Group, held by correspondence.

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

To support and raise awareness of the marine sector, the Institute partnered with ITN Productions to produce the film 'Our Oceans: Our Future' which explored the critical issues affecting our oceans, and the work being done by marine professionals worldwide for a brighter future. The film was launched at the Royal Institution in London and widely distributed across the sector - to date the film has been viewed over 140,000 times across all digital platforms including YouTube.

Our work to inspire, support and develop the next generation of marine professionals continued throughout the year. The winner of the 2020 David Henderson Inspiring Journey Grant, Michelle Caputo, will be using the £5,000 grant to travel to the remote island of Nosy Faly, off the northwestern coast of Madagascar, where she will study the relationship between fishers and the endangered Indian Ocean humpback dolphin. This year we awarded the second Lady Hamlyn Award bursary to Aidan Hinchcliffe, a marine engineering apprentice at Berthon International. Student bursaries were awarded to undergraduate and postgraduate students to support a variety of marine research projects. Most notably, the prestigious Stanley Gray Fellowship was won by two outstanding candidates - Stephanie Lavelle for her research on ecosystem level responses to marine plastic debris, and Denise Swanborn for her research on seabed and habitat mapping in the Indian Ocean.

The IMarEST supported the upskilling and retention of maritime talent in Singapore through a strategic partnership with the Maritime and Port Authority (MPA) in Singapore which saw the creation of more pathways for professional development and recognition. This will support the sector broadly and specifically benefit marine surveyors and marine hydrographers in MPA, as well as offshore and shore-based maritime professionals.

The IMarEST was awarded a contract from the European Bank for Reconstruction & Development to work in collaboration with the GEF-UNDP-IMO GloFouling Partnerships to conduct national economic assessments of the potential impacts of invasive aquatic species (IAS) transferred through biofouling

and the cost of appropriate control and management. This has been undertaken working with experts in Tunisia and the Ukraine as well as with Plymouth Marine Laboratory, UK. Additional technical outputs include an explainer document on wash water discharge from Exhaust Gas Cleaning Systems (EGCS) and an explainer document on the importance of understanding changes to the polar regions. Online roundtables have explored ballast water compliance monitoring and the risks associated with plastics in aquaculture (held jointly with the World Aquaculture Society (WAS)).

The IMarEST held a Presidential debate on the impact of Covid-19 on the marine sector and specific communications and papers of interest were made available through the IMarEST website under the custodianship of the Human Element Special Interest Group.

The required IMarEST quadrennial report was submitted to the Economic and Social Council of the United Nations which highlighted all the contributions made by the IMarEST to the work of the United Nations in the period between 2016 and 2019.

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

To support growth of products across all disciplines and regions, a new brand identity was rolled out in the first quarter of the year, following consultation with members. Processes for engaging and developing staff were introduced with a new appraisal system in place and the introduction of an employee survey. The Chief Executive hosted a Fellows' event for members from across Australia and extra tools were provided to support SIG volunteer communities in undertaking their technical activities.

An internal review was conducted of the membership and registration processes to identify key areas of improvement to facilitate improved customer service throughout the joining experience. Following this activity a comprehensive improvement plan was developed by the Executive and the Membership Committee and implementation of the plan commenced and will continue into the coming year.

The second half of the year focused heavily on the response to the Covid-19 crisis and prioritising the health and wellbeing of staff, support for volunteers and ensuring business continuity and delivery of key services and continuing to deliver value to members. The 2020 AGM and Council were re-scheduled and convened successfully via video conference - all committees continued in the same manner with minimal disruption.

The 2020 schedule of printed issues of the Marine Professional magazine was reduced from a frequency of 6 to 4 in response to the crisis but a series of Marine Professional e-newsletters was introduced to ensure high quality journalism continued to be delivered to members. The events programme was transformed to online delivery and CPD content continued to be provided for members across all online platforms including IMarEST TV, Echo, Nexus and the IMarEST website and social media platforms.

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

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

A handwritten signature in black ink, reading "Richard Vie." The signature is fluid and cursive, with a large initial 'R' and a long, sweeping underline.

Richard Vie FREng CEng CMarEng FIMarEST

Chair, Board of Trustees

Trustees' Annual Report

Delivering our charitable purposes for the public benefit

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

Benefits arising from charitable purposes

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

Underpinning membership expertise

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

Membership

The IMarEST could not deliver its charitable purposes to the public benefit without its membership, and the membership subscriptions which are used to fund activities for public benefit. General membership of the IMarEST is open to the whole marine community and, through Affiliate membership, to any member of the public with an interest in marine affairs. Financial barriers to membership are minimised. Membership for students, apprentices, cadets and others in full-time education is free and a Graduate Pathway scheme is in place to offer discounts following graduation. Concessionary rates are in place for those living in certain countries, for those who have retired and for long-service members. Any member suffering financial hardship may apply for fees to be reduced or waived.

Fundraising

All solicitations are managed internally, without involvement of commercial participators, professional fundraisers or third parties and are focused on generating income to support delivery of our charitable purposes. The day-to-day management of all income generation is delegated to the executive team, who

are accountable to the Trustees. Fundraising income is presented in our accounts as “Donations”. The Institute is aware of the UK Fundraising Regulator’s guidance, has received no complaints in the year and is confident in its ability to comply.

Charity Commission Guidance

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

What we will do in 2021

Supporting Strategic Goal 1: To Promote Professionalism and Technical Leadership

- a) Promote and grow our professional registration offer including accreditation and competency models for specialist postnominal descriptors. In FY21 we shall continue to pilot the licencing of our IMarEST registers with the Society for Underwater Technology (SUT) and the Marine Technology Society (MTS) and seek possible new partnerships with other organisations.
- b) A new B2B and an expanded Operations team now report to the Head of Membership and Partner Services. This group will deliver against an updated Engineering Council registration process that is being rolled out Q1 2021.
- c) During FY20 many academic accreditations were paused due to Covid-19; therefore in FY21 a priority will be to adapt the process to facilitate virtual visits to complete the outstanding accreditations alongside the further development of both the academic and industry (IPD) accreditation propositions.
- d) We will build upon the success of holding the Annual Conference and INEC / iSCSS online, which enabled a much wider international audience of both members and non-members.
- e) We shall continue to run a series of high-quality events and workshops to lead on key technical issues. We hope that the present Covid-19 restrictions will be lifted to permit ‘hybrid’ (mixing in person and online formats) events to be held in the second half of FY21.
- f) Key events in the FY21 calendar are
 - International Naval Engineering Conference and International Ship Control Systems Symposium
 - Sea Level Rise Conference
 - IMarEST Annual Conference
 - Online series of Fellows’ events’
 - Ocean Aware Film Launch in association with ITN Productions
 - President’s Day Lecture and Prestige Lecture Series
- g) We shall continue to:

- Develop partnerships with governments and industry to promote professional development of their staff.
- Deliver quality impartial advice to governments as part of the intergovernmental decision making process.

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

- Raise awareness of the sector, the challenges and the opportunities to attract, develop and retain the marine workforce through our own activities together with those of Marine People Limited and Marine Learning Alliance Limited.
- Inspire, support and develop the next generation of marine professionals through a programme of relevant activity and encourage enrolment on the Graduate Pathway. In FY21 we will focus our efforts on supporting our existing student membership and in the generation of new student members at universities undergoing the accreditation process.
- In FY21 we will continue to populate the Graduate Pathway with IPD opportunities and promote these to those on the pathway.
- We will work with Marine People to support our early career professionals with summer work placements and to facilitate their introductions to employers within the marine sector.
- Our technical and policy work will continue to be one of the principal ways in which we deliver Strategic Goal 2. During FY21, activities will be focused on three areas:
 - Using the expertise of our members to provide an invaluable public service, sharing impartial, scientific and engineering expertise with governing bodies to help them in evidence-based decision and policy making.
 - Ensuring decisions that directly affect marine engineers, scientists and technologists and the way they undertake their work are communicated to members and ensuring policy makers are developing reasonable regulation that can be implemented by our community.
 - Creating a more “ocean literate” membership with a broader awareness across sectors and specialisms.
- We will develop policy and position outputs on emerging and existing technical and societal issues identified in consultation with the membership and our SIGs including, but not limited to: mental health; deep sea mining; decarbonisation of shipping; diversity; equality and inclusion; recycling of ships and offshore structures; environmental monitoring and artificial intelligence.
- Our support for capacity development will have a particular focus on supporting Small Island Developing States to develop ocean sustainability initiatives.
- Deliver against our voluntary commitments to support the implementation of UN Sustainable Development Goal 14.

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

- a) Deliver financial targets and key performance measures as agreed by the Board of Trustees. In FY21 there will likely be unpredictable Covid-19 challenges and opportunities.
- b) Engage and recognise our volunteer community to ensure their continued support of the Institute. In FY21 there will be a focused effort on ensuring that all of our volunteers have the required training and necessary tools to fulfil their important roles. This will include comprehensive training for PRI and accreditation assessors.
- c) We will engage with the branches and SIGs, continuing to support them and train them in their delivery of digital meetings and seminars.
- d) We will focus on commercialising existing digital content and future digital events. We will be adapting to the changing market requirements of this new arena and shall seek to retain our edge in the operational delivery of digital events using the advanced tools already in place such as IMarEST TV, Panopto, online reviewing platforms and event apps.
- e) We will continue to develop the relationship with Think Publishing to deliver a portfolio of member content under the established Marine Professional brand. We will also continue to work with Witherby's Seamanship International on our existing book portfolio and seek further book publishing opportunities in FY21. We will also continue our contract with Taylor & Francis for production of our two academic journals and will relaunch Institute Transactions. Our aim for FY21 will be to continue to ensure that the IMarEST is achieving maximum benefit from our strategic suppliers and ensure the contracts are fit for purpose and reduce risk for the Institute.
- f) We will be investing in the website: a critical marketing tool, knowledge sharing platform and a key enabler to delivering the content strategy as well as delivering a range of key membership services.
- g) We shall seek to communicate the IMarEST's activities, reference case studies and membership benefits more widely. Utilising the marketing and communications team to create an environment that supports the strengthening of the opportunity pipeline and the future growth of the Institute.

Financial review

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

	2020 £	2020 %	2019 £	2019 %
Income from charitable activities	2,133,887	82.1	2,680,365	84.0
Investment income	450,116	17.3	491,551	15.3
Net income from associates investments	5,564	0.2	2,740	0.1
Donations and legacies	10,590	0.4	21,573	0.6
	<u>2,600,157</u>	<u>100</u>	<u>3,196,229</u>	<u>100</u>

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

	2020 £	2019 £
Net (expenditure) income before other recognised gains and losses	(522,069)	810,826
Actuarial losses on defined benefit pension scheme liability	(1,726,000)	(573,000)
Foreign exchange losses on translation	(16,466)	(1,910)
	<u>(2,264,535)</u>	<u>235,916</u>

The Group balance sheet shows total net assets of £10,296k as follows:

	2020 £	2019 £
Total net assets before pension scheme liability	14,060,354	14,638,889
Defined benefit pension scheme liability	<u>(3,764,000)</u>	<u>(2,078,000)</u>
	<u>10,296,354</u>	<u>12,560,889</u>

Charitable application

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

	2020 £	2020 %	2019 £	2019 %
Membership Services	1,464,200	46.9	1,142,983	34.3
Technical Publications & Books	239,641	7.7	16,476	0.5
Conferences & Events	441,862	14.2	297,480	8.9
Marine Partners & Members Fees	35,907	1.1	125,413	3.8
Accreditation	167,880	5.4	92,129	2.8
Technical & Library	753,664	24.1	601,189	18.0
Learning Activities	—	0.0	1,042,552	31.3
Awards	19,768	0.6	17,169	0.4
Totals	<u>3,122,922</u>	<u>100</u>	<u>3,335,391</u>	<u>100</u>

Cash and investment policy

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

The Institute is following a strategy of predictable income using a selection of funds managed by Sarasin and Partners LLP (Sarasin). The SIPP and benchmarks are reviewed annually and adjusted as deemed necessary by the Board of Trustees. In the determination of benchmarks and the review of performance

against these benchmarks the Trustees receive advice from an independent Investment Adviser. The performance against benchmark for the funds comprising the investment portfolio is given in the following table:

	Benchmark	Portfolio
Sarasin Income and Reserves Fund Class A Inc	2.1%	3.5%
Sarasin Endowments Fund Class A Inc	2.0%	6.5%

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

Total Return Accounting

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

Reserves and reserves policy

In addition to its operating funds (i.e. working capital in current and deposit accounts), the IMarEST maintains a variety of funds and investments with different aims and structures:

- a) **Restricted Funds**. The IMarEST retains two separate Restricted Funds:
 - i. **The Awards and Scholarships Fund**. This was established from legacies and donations received over time and is used to fund rewards for excellence within the fields of Marine Engineering, Science and Technology, with any unexpended income being retained within the fund. At 30 September 2020 its value was £283k. It is considered as a reserve for its specific purpose.
 - ii. **The Permanent Endowment Memorial Fund (PEMF)**. This was created after the sale of the Mark Lane building from 25% of the net proceeds. It is governed by its own scheme rules, under which dividend income can be used for the charitable purposes of the Institute but the core capital value must be preserved. At 30 September 2020 its core value was £3.044M. The fund is managed on a Total Return basis (in accordance with Charity Commission guidance) wherein capital gain above the core value can be taken as income. The Fund can be considered as part of the reserves – but under normal circumstances only for income generation.
- a) **Unrestricted Funds (free reserves)**. Further IMarEST investment assets are contained in an investment fund which may be utilized for the general financial needs and charitable purposes of the Institute. At 30 September 2020 its value was £8.7M and can be considered free reserves.
- b) **Designated Funds**. The Trustees have designated £307k of funds relating to tangible fixed assets and cash held overseas to reflect that these cannot easily be realised as cash to apply towards charitable purposes.

The IMarEST requires reserves for the following purposes:

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

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

At 30 September 2020 the value of IMarEST free reserves as shown on the balance sheet is £9.0M (2019: £9.7M).

Pay policy for senior staff

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

Risk management

Risk management is embedded within the operations of the Group. Risk registers are regularly maintained by the executive, and reviewed by the trustees. The currently most significant risks are:

Category	Risk	Mitigation
Capability and capacity	Business Transformation - There is a risk that the Institute cannot transform due to resource capacity leading to an inability to change, to adapt and to invest in new initiatives	This risk is being mitigated by a balance of prioritising activities and recruiting or re-deploying staff to provide the capacity to undertake important activities.
Reputational	Member Dissatisfaction leading to disruptive costs - There is a risk that as a result of a small group of dissatisfied members we have to call an EGM which may lead to a significant financial impact.	This risk is being mitigated by effective communication with members. We will set and agree reasonable expectations and apply our best endeavours to meet these.
Operational	Loss of EC or SC Licences - There is a risk that current licences awarded by the Engineering Council and/or the Science Council are revoked or not renewed as a result of non-compliance resulting in the attrition of registrants and loss of income.	This risk is being mitigated by maintaining a close working relationship with both EC and SC. We will understand their requirements and adapt our processes to ensure compliance.
Engagement	Failure to engage successfully with the Trustees of the Retirement Benefits Scheme - There is a risk that the relationship between the Institute and RBS breaks as a result of personality or policy differences leading to an unconstructive approach to the triannual review.	This risk is being mitigated by the CEO and CD being Employer Nominated Trustees and through a close working relationship with all the RBS Trustees. The RBS Chair provides regular updates to the Finance & Investment Committee.
Financial	Failure to deliver Growth in Membership - There is a risk of failure to deliver growth in membership as a result of a failure to deliver or communicate benefits at the right price point causing a gradual decline in member numbers leading to reputational and financial damage.	This risk is being mitigated by improving our member retention rate via a focus on member communications, member benefits and IT functionality. New members will be attracted to the Institute through marketing and continual review of the product and benefits.
Financial	Investment Income - There is a risk that the investment income does not meet the budgeted level as a result of market conditions leading to IMarEST failing to meet its budgeted gross margin	This risk is being mitigated by the Finance & Investment Committee and the management of Sarasin, our investment managers.
Reputational	Poor publicity - There is a risk that members (current or past), or individuals with some connection with the Institute, make statements or undertake work that by association might bring the Institute into disrepute. This may lead to lack of confidence in IMarEST technical advice either from governments or IGOs or make us less attractive as a membership organisation.	This risk is being mitigated by application of our Code of Conduct and by ensuring that anyone formally representing the Institute is made aware of their responsibility and our technical position.

Audit

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

Members

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

Related parties and connected organisations

As detailed in note 9 to the financial statements, IMarEST has one fully owned subsidiary undertaking Marine Management (Holdings) Limited, a company registered (01100685) in England and Wales. Marine Management (Holdings) Ltd is the parent company of MAREST (S) PTE Limited and of Marine Exhibitions Limited. Marine Exhibitions Limited is currently not trading.

Marine Management (Holdings) Ltd has a 40% share in Marine Learning Alliance Limited, a higher education provider, and a 30% share in Marine People Limited, a marine specialist recruitment agency.

The table below gives details of the composition of the Board of Directors of the companies identified above as at 30 September 2020.

Company	IMarEST Trustees	IMarEST Executive	External	Chair
Marine Management (Holdings) Limited	1	2	2	External
Marine Learning Alliance Limited	—	2	4	External
MAREST (S) PTE Limited	—	1	1	Executive
Marine Exhibitions Limited	—	2	—	Executive
Marine People Limited	—	1	2	External

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

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

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

Structure, governance and management

Board of Trustees

The overall governance and control of IMarEST is managed by a Board of Trustees (the Board) whose members are the charity trustees of IMarEST. The Board is composed of the five Officers of the Institute plus between 9 and 15 other Trustees, of which at least six must be Council Trustees and at least three Non-Council Trustees. Council Trustees are appointed by Council and Non-Council Trustees are appointed by the Board itself. The Chair of the Board is a Fellow of the IMarEST and appointed by the Board but need not be a member of either the Board or Council at the time of appointment. A Vice-Chair is selected by the Board from among its existing membership. The Board has three committees to focus on specific aspects of its work in detail: Nominations and Remuneration (both composed solely of Board members) and Finance & Investment, composed of Board members and, at the discretion of the Board, one or more individuals with specialist expertise who are not currently members of the Board. In addition, the Presidents' Advisory Committee, composed of past Institute presidents, is considered a Board committee.

Council

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

Council delegates the delivery of specific aspects of its work to its standing committees: Membership Committee, Professional Affairs and Education Committee (PAEC), Publications Supervisory Board (PSB) and Technical Leadership Board (TLB). Council must meet a minimum of twice each year and normally holds one face-to-face and two online/teleconference meetings during the year. All sessions were held virtually this year due to Covid restrictions.

Approved by the trustees and signed on their behalf on 9 February 2021

by:



Richard Vie

Chair of Board of Trustees



Martin Murphy

Honorary Treasurer

Statement of trustees' responsibilities

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

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

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

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

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

Approved by the trustees and signed on their behalf on 9 February 2021

by:



Richard Vie

Chair of Board of Trustees



Martin Murphy

Honorary Treasurer

Independent auditor's report to the trustees of the IMarEST

Opinion

We have audited the financial statements of The Institute of Marine Engineering, Science and Technology ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 30 September 2020 which comprise the consolidated statement of financial activities, the consolidated and Parent Charity balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 30 September 2020 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions related to going concern

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

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

Other information

The other information comprises the information included in the Annual Report and Accounts 2020, other than the financial statements and our auditor's report thereon.

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion;

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees 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

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

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

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Edward Finch (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street

London

EC2V 6DL

17 February 2021

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

Consolidated Statement of Financial Activities

Year to 30 September 2020

		Unrestricted funds	Restricted funds	Endowment funds	Total funds 2020	Total funds 2019
	Notes	£	£	£	£	£
Income						
Donations and legacies	1	590	10,000	—	10,590	21,573
Charitable activities	2	2,133,887	—	—	2,133,887	2,680,365
Investment income	3	294,734	8,739	146,643	450,116	491,551
Income from associates	3	5,564	—	—	5,564	2,740
Total income		2,434,775	18,739	146,643	2,600,157	3,196,229
Expenditure						
Charitable activities	4	3,103,154	19,768	—	3,122,922	3,335,391
Total expenditure		3,103,154	19,768	—	3,122,922	3,335,391
Other expenditure						
Discounting of long term debtors	12	265,485	—	—	265,485	—
Total other expenditure		265,485	—	—	265,485	—
Net (expenditure) income before investment gains and losses		(933,864)	(1,029)	146,643	(788,250)	(139,162)
Gains on listed investments	9a	168,241	5,296	92,644	266,181	524,007
Gains on partial disposal of subsidiary undertakings		—	—	—	—	425,981
Net income		(765,623)	4,267	239,287	(522,069)	810,826
Transfers between funds	18	136,875	9,768	(146,643)	—	—
Net income before other recognised gains and losses		(628,748)	14,035	92,644	(522,069)	810,826
Actuarial losses on defined benefit pension scheme		(1,726,000)	—	—	(1,726,000)	(573,000)
Foreign exchange losses		(16,466)	—	—	(16,466)	(1,910)
Net movement in funds		(2,371,214)	14,035	92,644	(2,264,535)	235,916
Reconciliation of funds						
Total funds brought forward at 30 September 2019		7,645,518	377,137	4,538,234	12,560,889	12,324,973
Total funds carried forward at 30 September 2020		5,274,304	391,172	4,630,878	10,296,354	12,560,889

With the exception of the disposal of Marine Learning Alliance Ltd in 2019 (note 19), all income and expenditure was derived from continuing activities in the above two periods and there are no recognised gains or losses other than those stated above.

Balance sheets

As at 30 September 2020

	Notes	Group		Charity	
		2020	2019	2020	2019
		£	£	£	£
Fixed assets					
Intangible assets					
. Goodwill	7	81,000	91,800	—	—
. Negative goodwill	7	(402,727)	(402,727)	—	—
Tangible assets	8	302,983	270,927	300,126	266,246
Investments	9	13,345,493	13,363,070	13,223,189	13,226,330
		13,326,749	13,323,070	13,523,315	13,492,576
Current assets					
Stock		4,014	12,831	4,014	12,831
Debtors	11	417,239	447,457	405,929	423,967
Cash at bank and in hand		74,716	176,685	60,635	168,245
		495,969	636,973	470,578	605,043
Creditors: amounts falling due within one year	13	(1,379,764)	(843,294)	(1,354,525)	(816,033)
Net current liabilities		(883,795)	(206,321)	(883,947)	(210,990)
Debtors: amounts due after one year	12	1,617,400	1,522,140	1,457,400	1,630,940
Net assets before pension liability		14,060,354	14,638,889	14,096,768	14,912,526
Defined pension scheme liability		(3,764,000)	(2,078,000)	(3,764,000)	(2,078,000)
Total net assets		10,296,354	12,560,889	10,332,768	12,834,526
Funds and reserves					
Permanent endowment funds		4,630,878	4,538,234	4,630,878	4,538,234
Restricted funds		391,172	377,137	391,172	377,136
Unrestricted funds					
. Designated funds		306,806	274,750	303,949	346,863
. General funds		8,731,498	9,448,768	8,770,769	9,650,293
. Pension reserve		(3,764,000)	(2,078,000)	(3,764,000)	(2,078,000)
Total funds		10,296,354	12,560,889	10,332,768	12,834,526

The accompanying accounting policies and notes form an integral part of these financial statements.
The financial statements on pages 23 to 46 were approved by the trustees on 9 February 2021
and signed on their behalf by:



Richard Vie
Chair of Board of Trustees



Martin Murphy
Honorary Treasurer

Consolidated statement of cash flows

Year to 30 September 2020

	2020 £	2019 £
Cash flows from operating activities		
Net movement in funds for the year before other recognised gains and losses	(522,069)	810,826
Adjustments for		
Depreciation charges tangible assets	87,195	75,591
Amortisation charges intangible assets	10,800	16,200
Decrease (increase) in stock	8,817	39,223
Increase in debtors due within one year	(62,019)	(136,489)
Increase in debtors due in more than one year	(95,260)	(1,522,140)
Increase (decrease) in creditors	536,470	(191,965)
DB pension charge contributions net of interest expense	(40,000)	(203,000)
Dividends and investment income receivable	(450,116)	(491,551)
Net income from associates	(5,564)	(2,740)
Net change in assets on partial disposal of subsidiary	-	813,712
Gains on listed investments	(266,181)	(524,007)
Foreign exchange losses	(16,466)	(1,910)
Net cash used in operating activities	(814,393)	(1,318,250)
Cash flows from investing activities		
Dividend received from investments	470,116	491,551
Purchase of property, plant and equipment	(27,014)	(4,150)
Purchase of intangible assets	-	-
Proceeds from sale of listed investments	295,857	492,837
Purchase of listed investments	(11,107)	(24,853)
Net cash provided by investing activities	727,852	955,385
Change in cash and cash equivalents in the reporting period	(86,541)	(362,865)
Cash and cash equivalents at 1 October	220,461	583,326
Cash and cash equivalents at 30 September	133,920	220,461
Analysis of cash and cash equivalents		
Cash at bank and in hand	74,716	176,685
Cash held by investment managers	59,204	43,776
Total cash and cash equivalents	133,920	220,461

The Group holds no external loans. There is therefore no difference between the changes in cash and cash equivalents and the changes in net debt.

Statement of accounting policies

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

Basis of preparation

The Financial Statements have been prepared in accordance with the Charities SORP (FRS 102), Accounting and Reporting by Charities: A 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) and the Charities Act 2011. The statements have been prepared under the historic cost convention, with the exception that investments, memorabilia and historic assets are included at market value. The financial statements are rounded to the nearest £.

The charity constitutes a public benefit entity as defined by FRS 102.

The trustees consider that there are no material uncertainties about the Group and Charity's ability to continue as a going concern. In making their assessment, the trustees have considered the impact that the Covid-19 pandemic has had on the Group and Charity and its beneficiaries.

Basis of consolidation

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

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

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

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

Income

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

Donations and legacies

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

Charitable activities

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

Investment income and interest

Income receivable on deposits and investments is recognised when received. Income from permanently endowed investments is calculated on a total return basis (see note 9).

Expenditure

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

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

VAT – Recoverable and irrecoverable

The Institute is regarded as partially exempt under HM Revenue & Customs rules and, therefore is unable to reclaim all the Input VAT it incurs. Where irrecoverable VAT is incurred, it is charged against the category of resources expended for which it was incurred. MAREST (S) Pte Limited is not required to register for Goods and Services Tax as income is under the required threshold.

Allocation of overheads

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

Governance costs

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

Operating leases

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

Pension costs

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

The final salary section of the pension scheme is accounted for in accordance with FRS 102 section 28 'Retirement Benefits'. The service cost of pension provision relating to the year, together with the cost of any benefits relating to past service if the benefits have vested, is charged to the statement of financial activities. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit to the Group's long term expected return on assets (based on the market value of the scheme assets at the start of the year), are also included in the statement of financial activities.

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

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

More information about the pension scheme is provided in note 17 to the financial statements.

Intangible assets

Intangible assets comprise the following:

- Goodwill arising on the acquisition of a 30% interest in Marine People Limited.
- Negative goodwill arising on the partial disposal and retention of a 40% interest in Marine Learning Alliance Limited.

Amortisation is charged on a straight line basis over 10 years. The impairment of intangible assets is considered annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, and provision made when necessary.

Tangible assets

Leasehold property - Leasehold premises and associated acquisition costs are stated at cost.

Depreciation is provided to write off the cost of the leasehold premises over the initial 5-year term of the lease.

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

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

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

Investments

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

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and either the opening market value or the purchase cost if investments are purchased in the year. Unrealised gains and losses are calculated as the difference between the market value at the year-end and either the opening market value or the purchase cost if investments are purchased in the year. Realised and unrealised gains are not separated in the statement of financial activities.

At 30 September 2020, the Group had a 30% shareholding in Marine People Limited and a 40% share in Marine Learning Alliance Ltd. In accordance with FRS 102, these associates have been accounted for using the equity method.

Taxation

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

Stocks

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

Foreign currency

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

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

Funds

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

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

Debtors, cash and creditors

Debtors – trade and other debtors are recognised at the settlement amount due after any trade discount offered. Amounts due are initially recognised at fair value and subsequently at amortised cost using the effective interest method where the effect of discounting is material. Prepayments are valued at the amount prepaid net of any trade discounts due.

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

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

Accounting estimates and judgements

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

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

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

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

Overseas bank accounts – there are cash balances in some overseas bank accounts that are difficult to access. The sum total of these balances at the end of the year was £64K. In 2017 a provision was made for £34k against these amounts on the basis that some, if not all, of these balances would be recovered in due course. This provision remains in place and is reviewed annually.

Recoverability of amounts owed from MLA – Up until 30 June 2019 MLA was a wholly owned subsidiary of the Group. At this date, 60% was sold to BAU Limited. While fully owned, the IMarEST provided financial assistance to MLA in the form of loans. Since disposal, the IMarEST has continued to provide financial assistance and has charged MLA for the services of seconded staff. As a condition of the sale, the purchaser made guarantees of repayment of £800,000 of the loan. As with any debt, the trustees have considered the recoverability of the remaining amounts owed to the Institute. In the prior year the trustees considered it prudent to include a £187,000 provision in the accounts against the risk that amounts over and above the guarantees made were not repaid while the new partnership bedded in. During the year ended 30 September 2020 the trustees reassessed the recoverability of amounts due and concluded that it was appropriate to release the provision previously made. However, the trustees revisited their estimates of the likely repayment period, extending their estimates of the period of repayment. This has resulted in the debtor being discounted to its net present value as discounting is now material. The choice of a relevant discount rate (3.5% – taken by reference to indicative market rates and yield rates) and the assessed recovery period are areas where judgement has been applied.

Notes to the Financial Statements

1 Donations and legacies

	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Donations	590	10,000	10,590	1,573	20,000	21,573

2 Income from charitable activities

	Unrestricted and total funds 2020 £	Unrestricted and total funds 2019 £
Membership services	1,688,526	1,815,870
Technical Publications & Exhibitions	84,253	94,847
Conferences & functions	60,109	88,374
Marine Partners & members fees	63,736	165,891
Accreditation	37,050	91,796
Technical & Library	67,231	57,472
Support services	132,982	32,763
Learning activities	—	333,352
	2,133,887	2,680,365

3 Investment income

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2020 £
Listed investments	294,056	8,739	146,643	449,438
Interest income	678	—	—	678
	294,734	8,739	146,643	450,116
Income from associates	5,564	—	—	5,564
	300,298	8,739	146,643	455,680

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £
Listed investments	330,381	12,293	147,661	490,335
Interest income	1,216	—	—	1,216
	331,597	12,293	147,661	491,551
Income from associates	2,740	—	—	2,740
	334,337	12,293	147,661	494,291

4 Expenditure on charitable activities

	Direct costs £	Support costs £	Total 2020 £	Direct costs £	Support costs £	Total 2019 £
Membership services	494,276	969,924	1,464,200	397,366	745,617	1,142,983
Technical Publications & Books	88,316	151,325	239,641	5,728	10,748	16,476
Conferences & events	149,161	292,701	441,862	103,421	194,059	297,480
Marine Partners & members fees	12,121	23,786	35,907	43,601	81,812	125,413
Accreditation	56,672	111,208	167,880	32,029	60,100	92,129
Technical & Library	254,418	499,246	753,664	209,007	392,182	601,189
Learning activities	—	—	—	362,450	680,102	1,042,552
Awards	19,768	—	19,768	17,169	—	17,169
	<u>1,074,732</u>	<u>2,048,190</u>	<u>3,122,922</u>	<u>1,170,771</u>	<u>2,164,620</u>	<u>3,335,391</u>

All of the above expenditure relates to expenditure on unrestricted funds, with the exception of Awards expenditure. This was restricted in both years.

Support costs above consist of:

	2020 £	2019 £
Staff costs	1,837,795	1,923,030
Office costs	154,124	161,443
Governance costs	23,417	63,538
Other costs	32,854	16,609
	<u>2,048,190</u>	<u>2,164,620</u>

5 Staff costs

	2020 £	2019 £
Wages and salaries	1,299,690	1,379,319
Social security costs	156,887	143,260
Ordinary pension costs	131,218	150,451
Pension deficit recovery plan payments	250,000	250,000
	<u>1,837,795</u>	<u>1,923,030</u>

Wages and salaries above includes £nil redundancy costs (2019 – £18,333 relating to two employees).

The average number of employees during the year was allocated as follows (based on estimated time spent on activities in the year on each charitable activity).

	2020	<i>2019</i>
	No.	<i>No.</i>
Membership services	3	<i>3</i>
Technical Publications & Books	1	<i>2</i>
Conferences & events	2	<i>1</i>
Marine Partners & members fees	1	<i>1</i>
Accreditation	1	<i>1</i>
Technical & Library	4	<i>2</i>
Learning activities	-	<i>-</i>
Support	13	<i>18</i>
Total	25	<i>28</i>

The number of staff whose total emoluments (excluding employer's pension contribution and employer's national insurance) for the year was over £60,000 is as follows

	2020	<i>2019</i>
	No.	<i>No.</i>
£60,001 - £70,000	2	<i>1</i>
£70,001 - £80,000	-	<i>1</i>
£90,001 - £100,000	-	<i>1</i>
£100,001 - £110,000	1	<i>-</i>
£120,001 - £130,000	1	<i>-</i>
£130,001 - £140,000	-	<i>1</i>
£140,001 - £150,000	1	<i>-</i>
£190,001 - £200,000	-	<i>1</i>

Employer pension contributions in respect of the above higher earners were as follows:

	2020	<i>2019</i>
Contributions to defined contribution schemes, £	60,862	<i>75,816</i>
Number of individuals	5	<i>5</i>

Key management personnel and trustees expenses

Key management personnel comprise the members of the Board of Trustees, the Chief Executive, the Commercial Director and the Chief Operating Officer. The total remuneration of key management personnel (including employer's NI, employer's pension contributions and benefits in kind) was £476K (2019: £411K). In June 2020 there was a change of Chief Executive.

No trustees were remunerated for their role as trustee.

Expenses were reimbursed to the trustees when they were claimed in accordance with the appropriate rules governing the payment of expenses. A move to online virtual meetings because of Covid-19 has reduced the costs.

	<u>2020</u>	<u>2019</u>
Total expenses claimed, covering travel, subsistent and hotel expenses, £	4,600	20,538
No. of trustees reimbursed	<u>12</u>	<u>10</u>

During the year the IMarEST did not receive any donations from the trustees (2019: none).

6 Related party transactions

The following transactions and balances occurred between the Charity or its wholly owned subsidiaries and other non-wholly owned undertakings.

- *Marine Learning Alliance (MLA) Limited*: The charity charged the company £117,755 for seconded staff and settled invoices on behalf of the company of £217,809 (2019: £32,142). As at 30 September 2020 MLA owed the Group £1,722,885 (2019: £1,322,140), which has been recorded in these financial statements at its net present value of £1,457,400 (see note 12).
- *Marine People Limited*: A £20,000 dividend was received (2019: £40,000) and costs of £31,200 were paid for recruitment services (2019: £nil). All balances were settled at the year-end (2019: no outstanding amounts).

Other than the above, there were no related party transactions.

7 Intangible fixed assets

Group

	Goodwill		
	Marine People Limited £	Marine Learning Alliance £	Total £
Cost			
At 1 October 2019 and at 30 September 2020	108,000	(402,727)	(294,727)
Amortisation			
At 1 October 2019	16,200	—	16,200
Charge for year	10,800	—	10,800
At 30 September 2020	27,000	—	27,000
Net book values			
At 30 September 2019	91,800	(402,727)	(310,927)
At 30 September 2020	81,000	(402,727)	(321,727)

At 30 September 2020, the goodwill of the 40% share in MLA was negative £402,727. The cost of share capital held in MLA is £80,000, bringing the total value of the investment to negative £322,727.

The Charity does not have any intangible assets.

8 Tangible fixed assets

Group

	Leasehold acquisition costs £	Furniture, fixtures and fittings £	Business systems and equipment £	Memorabilia and historic assets £	Total £
Cost or valuation					
At 1 October 2019	9,250	363,848	800,642	86,580	1,260,320
Additions	—	—	119,251	—	119,251
At 30 September 2020	<u>9,250</u>	<u>363,848</u>	<u>919,893</u>	<u>86,580</u>	<u>1,379,571</u>
Depreciation					
At 1 October 2019	4,735	215,843	768,815	—	989,393
Charge for year	1,321	49,915	35,959	—	87,195
At 30 September 2020	<u>6,056</u>	<u>265,758</u>	<u>804,774</u>	<u>—</u>	<u>1,076,588</u>
Net book values					
At 30 September 2019	<u>4,515</u>	<u>148,005</u>	<u>31,827</u>	<u>86,580</u>	<u>270,927</u>
At 30 September 2020	<u>3,194</u>	<u>98,090</u>	<u>115,119</u>	<u>86,580</u>	<u>302,983</u>

Charity

	Leasehold acquisition costs £	Furniture, fixtures and fittings £	Business systems and equipment £	Memorabilia and historic assets £	Total £
Cost or valuation					
At 1 October 2019	9,251	363,848	793,582	86,580	1,253,261
Additions	—	—	118,140	—	118,140
At 30 September 2020	<u>9,251</u>	<u>363,848</u>	<u>911,722</u>	<u>86,580</u>	<u>1,371,401</u>
Depreciation					
At 1 October 2019	4,735	215,843	766,437	—	987,015
Charge for year	1,321	49,161	33,778	—	84,260
At 30 September 2020	<u>6,056</u>	<u>265,004</u>	<u>800,215</u>	<u>—</u>	<u>1,071,275</u>
Net book values					
At 30 September 2019	<u>4,516</u>	<u>148,005</u>	<u>27,145</u>	<u>86,580</u>	<u>266,246</u>
At 30 September 2020	<u>3,195</u>	<u>98,844</u>	<u>111,507</u>	<u>86,580</u>	<u>300,126</u>

Other than memorabilia and historic assets, all tangible fixed assets are held at cost. No revaluation was completed during the year for the memorabilia and historic assets as it is considered the cost of a new valuation to be greater than the change in valuation of the assets. The last valuations were completed in 2012 by Charles Miller Ltd and in 2013 by Anderson & Garland.

9 Investments

		Group 2020	Group 2019	Charity 2020	Charity 2019
	Note	£	£	£	£
Listed investments	a	13,172,039	13,175,180	13,172,039	13,175,180
Investments in associates	b	152,304	166,740	—	—
Subsidiary undertakings	c	—	—	30,000	30,000
Works of art		21,150	21,150	21,150	21,150
		13,345,493	13,363,070	13,223,189	13,226,330

a) Listed investments

Group & Charity	2020 £	2019 £
Market value at 1 October 2019	13,131,404	13,075,381
Additions at cost	11,107	24,853
Disposals (proceeds £295,857; gain £8,933)	(286,924)	(492,837)
Net unrealised gains on revaluation	257,248	524,007
Market value at 30 September 2020	13,112,835	13,131,404
Cash held with investment managers	59,204	43,776
Total listed investments	13,172,039	13,175,180
Cost at 30 September 2020	12,219,601	12,495,418

b) Investments in associates

Group	Marine People Limited £	Marine Learning Alliance £	2020 £
At 1 October 2019	86,740	80,000	166,740
Net income from associates	5,564	—	5,564
Adjustments to carrying value	(20,000)	—	(20,000)
At 30 September 2020	72,304	80,000	152,304

Marine People Limited is a company registered in England and Wales (Company Registration No. 10632568). The company is a marine specialist permanent recruitment agency. Marine Management (Holdings) Limited has 30% ownership of Marine People Limited. During the financial year ending 30 September 2020, the Group received a £20,000 dividend from the company.

Marine Learning Alliance Ltd is a company registered in England and Wales (Company Registration No. 09188277). The company is a provider of marine related e-learning. Marine Management (Holdings) Limited has 40% ownership of Marine Learning Alliance Ltd.

c) Subsidiary undertakings

The following subsidiaries are part of the Group.

Name	Nature of business	Parent	Holding	Share capital, £	Address of registered office
Marine Management (Holdings) Limited (MM(H))	Holding Company	IMarEST	100%	30,000	1 Birdcage Walk, London, England, SW1H 9JJ
MAREST (S) PTE Limited	Membership	MM(H)	100%	26,548	16 Raffles Quay, #33-03 Hong Leong Building, Singapore
Marine Exhibitions Limited	Events	MM(H)	100%	10,000	1 Birdcage Walk, London, England, SW1H 9JJ

A summary of the results of each entity is shown below. Marine Exhibitions Limited was dormant in the current and preceding period.

	Marine Management (Holdings) Limited (MM(H))		MAREST (S) PTE Limited	
	2020	2019	2020	2019
	£	£	£	£
Total income	6	54	145,239	281,158
Cost of sales	—	—	(7,559)	(14,727)
Other operating expenses	(35)	—	(144,012)	(294,733)
Profit before tax	(29)	54	(6,332)	(28,302)
Taxation	—	—	—	—
Retained (losses) profit for the year	(29)	54	(6,332)	(28,302)
Retained profit (losses) at 30 September 2020	2,153	2,310	(30,415)	(24,083)

Marine Management (Holdings) Limited

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

MAREST (S) PTE Limited

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

Marine Exhibitions Limited

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

10 Statement of total returns

	Endowment £	Unapplied Total Return £	Total Funds 2020 £	Total Funds 2019 £
30 September 2019				
Permanent Endowment	3,044,472	-	3,044,472	3,044,472
Unapplied total return	-	1,493,762	1,493,762	1,298,261
	<u>3,044,472</u>	<u>1,493,762</u>	<u>4,538,234</u>	<u>4,342,733</u>
Movements in the reporting period:				
Investment return: dividends and interest	-	146,643	146,643	147,661
Investment return: realised and unrealised gains	-	92,644	92,644	195,501
	-	<u>239,287</u>	<u>239,287</u>	<u>343,162</u>
Unapplied total return allocated to income in the reporting period	-	(146,643)	(146,643)	(147,661)
Net movements in reporting period	-	<u>92,644</u>	<u>92,644</u>	<u>195,501</u>
30 September 2020				
Permanent Endowment	3,044,472	-	3,044,472	3,044,472
Unapplied total return	-	1,586,406	1,586,406	1,493,762
	<u>3,044,472</u>	<u>1,586,406</u>	<u>4,630,878</u>	<u>4,538,234</u>

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

11 Debtors due within one year

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Trade debtors	54,722	134,243	54,203	121,778
Other debtors	167,124	60,185	158,444	58,793
Prepayments	195,393	222,782	193,282	216,560
Accrued income	-	30,247	-	26,836
	<u>417,239</u>	<u>447,457</u>	<u>405,929</u>	<u>423,967</u>

12 Debtors due in more than one year

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Amount due from group undertakings	<u>1,617,400</u>	<u>1,522,140</u>	<u>1,457,400</u>	<u>1,630,940</u>

During the year the trustees reassessed the expected recovery period of debtors due in more than one year. Due to an increase in the balance and the anticipated recovery period, these debts have been discounted to their net present value for the year ended 30 September 2020. The gross value of the debt due to the Group is £1,882,885, of which £1,722,885 is due to the Charity.

13 Creditors: amounts falling due within one year

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Trade creditors	333,705	116,477	333,012	115,991
Other creditors	273,280	220,448	273,280	203,486
Tax and National Insurance	200,391	43,791	195,712	43,791
Accruals	92,674	168,681	89,865	159,237
Members' subscriptions in advance	340,440	200,000	340,440	200,000
Other deferred income	139,274	93,897	122,216	93,528
	1,379,764	843,294	1,354,525	816,033
Deferred income movement				
Balance at 1 October	293,897	546,500	293,528	381,839
Amount released in the year	(293,897)	(546,500)	(293,528)	(381,839)
Amount deferred in the year	479,714	293,897	462,656	293,528
Balance at 30 September	479,714	293,897	462,656	293,528

14 Operating lease commitments

	2020		2019	
Group	Property £	Other £	Property £	Other £
Within one year	147,739	2,508	172,969	2,951
Between one and two years	116,840	665	224,841	3,622
Between two and five years	29,210	-	-	-
	293,789	3,173	397,810	6,573

Of the above commitments, £264,258 relate to the Charity.

15 Capital Commitments

The Group and Charity had no capital commitments as at 30 September 2020.

16 Auditors' remuneration

Remuneration payable to the group auditor was as follows:

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Financial statements audit	24,969	20,000	22,160	20,000

17 Pension schemes

The Group operates a defined benefit and a defined contribution pension scheme. The defined benefit scheme was closed to new entrants and to future service accrual on 5 April 2002. The defined contribution pension scheme was introduced on 5 April 2002 for the benefit of all staff.

The Institute's total contributions to the defined benefit scheme were £250,000 (2019: £250,000).

Defined benefit pension scheme

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

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

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

In addition to the £250,000 contribution, administrative and other expenses of the scheme and the Pension Protection Fund levy are paid separately by the Institute.

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

The actuary has computed the following information with respect to the financial position of the scheme as at 30 September 2020:

Group and charity	2020 £'000	2019 £'000
Fair value of scheme assets	12,998	13,222
Defined benefit obligation	(16,762)	(15,300)
Net defined benefit (liabilities) assets	(3,764)	(2,078)
Restriction on asset recognised at year end	—	—
Net amount recognised at year end	(3,764)	(2,078)

The amount recognised in the Statement of Financial Activities was:

	2020 £'000	2019 £'000
Interest cost	(42)	(47)
Current and past service cost	—	—
Total recognised in income and expenditure	(42)	(47)
Return on scheme assets	(345)	1,395
Actuarial (gains) losses	(1,549)	(1,968)
Total amount recognised in statement of financial activities	(1,936)	(620)

Changes in the value of scheme assets were as follows:

	2020	2019
	£'000	£'000
At start of the year	13,222	11,680
Benefits paid	(401)	(452)
Contribution from the employer	250	250
Interest income (expense)	272	349
Return on assets	(345)	1,395
At end of the year	12,998	13,222

Changes in the value of scheme liabilities were as follows:

	2020	2019
	£'000	£'000
At start of the year	(15,300)	(13,388)
Benefits paid	401	452
Interest income (expense)	(314)	(396)
Actuarial gains (losses)	(1,549)	(1,968)
At end of the year	(16,762)	(15,300)

The major categories of scheme assets are as follows:

	2020		2019	
	£'000	%	£'000	%
Return Seeking funds	7,602	58	9,569	72
Fixed Interest Gilts	2,042	16	2,025	15
Index Linked Gilts	1,055	8	993	8
Hybrid gift fund	2,235	17	—	—
Cash	64	1	635	5
	12,998	100	13,222	100

Principal actuarial assumptions used:

	2020	2019
	%	%
Discount rate	1.5	2.1
Inflation assumption – Retail price inflation	2.9	3.0
Inflation assumption – Consumer price inflation	2.1	1.8
Revaluation of deferred pensions – Deferred revaluation	2.1	1.8
Increase for pension payment		
. Benefits accrued prior to 1 October 1999	5.0	5.0
. Benefits accrued after 1 October 1999	3.4	3.4
. Benefits accrued after 1 October 2005	2.3	2.3
Proportion of members opting for early retirement	—	—
Proportion of members commuting maximum allowable pension for cash at retirement	85.0	85.0

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

	2020	2019
Male currently aged 65	86.2	86.5
Female currently aged 65	88.1	88.4
Male currently aged 45	87.2	87.8
Female currently aged 45	89.4	90.0

18 Movement in Funds

Group	At 1 October 2019 £	Income £	Expenditure £	Gains and losses £	Transfers £	At 30 September 2020 £
Unrestricted funds						—
. General funds	9,448,768	2,434,775	(3,321,444)	151,775	17,624	8,731,498
. Designated funds						—
.. Tangible fixed assets fund	184,347		(87,195)		119,251	216,403
.. Overseas cash	90,403					90,403
. Pension reserve	(2,078,000)		40,000	(1,726,000)		(3,764,000)
Restricted funds						—
. Awards and scholarships	269,406	18,739	(19,768)	5,296	9,768	283,441
. Memorabilia and historic assets	107,731					107,731
Endowment funds	4,538,234	146,643		92,644	(146,643)	4,630,878
	12,560,889	2,600,157	(3,388,407)	(1,476,285)	—	10,296,354

Charity	At 1 October 2019 £	Income £	Expenditure £	Gains and losses £	Transfers £	At 30 September 2020 £
Unrestricted funds						—
. General funds	9,727,087	2,401,385	(3,260,126)	(116,312)	18,735	8,770,769
. Designated funds						—
.. Tangible fixed assets fund	179,666		(84,260)		118,140	213,546
.. Overseas cash	90,403					90,403
. Pension reserve	(2,078,000)		40,000	(1,726,000)		(3,764,000)
Restricted funds						—
. Awards and scholarships	269,406	18,739	(19,768)	5,296	9,768	283,441
. Memorabilia and historic assets	107,730					107,730
Endowment funds	4,538,234	146,643		92,644	(146,643)	4,630,878
	12,834,526	2,566,767	(3,324,154)	(1,744,372)	—	10,332,767

Transfer between funds represent the application of total return on endowment funds (note 10) and movements on designated funds.

Purpose of funds

Designated funds

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

The tangible fixed assets fund represents the net book value of the tangible fixed assets owned by the group, excluding historic assets and memorabilia (which are restricted funds). Such assets are vital to

the group being able to carry out its charitable work and the value invested in the assets cannot, therefore, be realised in order to meet future expenditure or contingencies. To emphasise this point the net book value of the assets is represented by a specific tangible fixed assets fund.

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

Restricted funds

The Awards and Scholarships Funds were established via donations and legacies received over the course of time to create separate funds specifically available for rewarding excellence within the field of marine engineering, science and technology. Income arising from these funds is accumulated in the restricted income fund and is used to fund the prizes and awards.

The Memorabilia and Historic Assets Fund represents assets gifted to the charity over the years, together with works of art purchased by the charity.

Endowment funds

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

Net assets between funds

Group	Endowment funds £	Restricted funds £	Unrestricted funds			2020 Total funds
			Designated funds £	General funds £	Pension reserve £	
Intangible fixed assets	—	—	—	81,000	—	81,000
Tangible fixed assets	—	86,580	216,403	—	—	302,983
Investment assets	4,630,878	304,592	90,403	9,534,293	—	14,560,166
Net current liabilities	—	—	—	(883,795)	—	(883,795)
DBS pension liability	—	—	—	—	(3,764,000)	(3,764,000)
	4,630,878	391,172	306,806	8,731,498	(3,764,000)	10,296,354

Group	Endowment funds £	Restricted funds £	Unrestricted funds			2019 Total funds
			Designated funds £	General funds £	Pension reserve £	
Intangible fixed assets	—	—	—	91,800	—	91,800
Tangible fixed assets	—	86,580	184,347	—	—	270,927
Investment assets	4,538,234	290,557	90,403	9,563,290	—	14,482,484
Net current liabilities	—	—	—	(206,322)	—	(206,322)
DBS pension liability	—	—	—	—	(2,078,000)	(2,078,000)
	4,538,234	377,137	274,750	9,448,768	(2,078,000)	12,560,889

19 Comparative consolidated statement of financial activities

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2019 £
Income					
Donations and legacies	1	1,573	20,000	—	21,573
Charitable activities	2	2,680,365	—	—	2,680,365
Investment income	3	331,597	12,293	147,661	491,551
Income from associates	3	2,740	—	—	2,740
Total income		3,016,275	32,293	147,661	3,196,229
Expenditure					
Charitable activities	4	3,318,222	17,169	—	3,335,391
Total expenditure		3,318,222	17,169	—	3,335,391
Net (expenditure) income before investment gains and losses		(301,947)	15,124	147,661	(139,162)
Gains on listed investments	9a	320,819	7,687	195,501	524,007
Gains on partial disposal of subsidiary undertakings		425,981	—	—	425,981
Net income		444,853	22,811	343,162	810,826
Transfers between funds	18	147,661	—	(147,661)	—
Net income before other recognised gains and losses		592,514	22,811	195,501	810,826
Actuarial (losses) gains on defined benefit pension scheme		(573,000)	—	—	(573,000)
Foreign exchange gains (losses)		(1,910)	—	—	(1,910)
Net movement in funds		17,604	22,811	195,501	235,916
Reconciliation of funds					
Total funds brought forward at 30 September 2018		7,627,914	354,326	4,342,733	12,324,973
Total funds carried forward at 30 September 2019		7,645,518	377,137	4,538,234	12,560,889

Gains on the partial disposal of subsidiary undertakings as above related to the sale of shares in Marine Learning Alliance. This entity was a wholly owned subsidiary until 30 June 2019. A 40% interest was retained by the Group (note 9b)

Income and expenditure from discontinued operations relating to this disposal was £333,352 and £362,450 respectively.

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Paul James

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Technical and Policy Director

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