

IET TRUSTEES' ANNUAL REPORT AND ACCOUNTS

Year ended: 31 December 2018

Registered as a charity in England and Wales (no 211014) and Scotland (no SC038698)

Introduction

from the President and Chief Executive and Secretary

We rely on engineering and technology to help solve society's biggest challenges. Our role to inspire, inform and influence the global engineering community continued to be a key focus throughout 2018 and enabled us to make a positive impact through our activities. We are very pleased to have achieved all our targets for the year and are starting 2019 in a financially stable position, having raised our future targets in response to match our capabilities and ambition.

Looking back on our achievements throughout 2018, here are some of our highlights:

We have made significant enhancements to our abstract and indexing database, Inspec, which now contains over 18 million records. By combining semantic technology with Inspec's renowned index, we have created Inspec Analytics, a new analytical tool which adds relationships between institutions, authors, articles and concepts to help users derive new insights and identify trends and patterns to support research workflows. We have also introduced Engineering Video Intelligence (EVI) to our IET.tv platform so that users can search for specific words in video transcripts and share clips and playlists.

We exceeded our publishing goals, with 8,236 peer-reviewed papers being published throughout the year. Our global call-for-paper events contributing to the overall number of papers published. These events included the 4th International Radar Conference in China and the 7th International Conference on Renewable Power Generation in Denmark.

We increased our impact in China by launching five new Open Access Journals, bringing the total number of new journals launched by the IET in 2018 to seven, and through working with local organisations to develop an internationally recognised professional registration programme for Chinese engineers - an initiative that has support from the Chinese Government.

Excellent progress has been made in increasing member engagement through Continuing Professional Development (CPD). Our CPD offering was enriched by the launch of a new online training resource, IET Academy. As the authority for electrical installation in the UK, we published the 18th edition of the IET Wiring Regulations at the same time as the On-Site Guide and an e-learning course on IET Academy, making this edition the most accessible to date. We also worked with the UK Engineering Council to develop a contextualised standard for electricians to gain Engineering Technician (EngTech) for Electricians, to enable them to gain professional registration.

Our focus on providing CPD opportunities continues to be supported by our volunteers across the world in arranging Local Network events. These events alone generated around 220,000 hours of CPD content. 2018 was a milestone year for the Hong Kong and Brunei Darussalam Local Networks who celebrated their 30th and 20th anniversaries respectively. It is thanks to Local Networks like these that we can continue to share knowledge with our members and engage with communities at a local level.

In India, we delivered a third successful IoT (Internet of Things) congress, bringing together industry, academia and start-ups. The event was supported by eight Government Ministries and Departments and opened with a letter from the Prime Minister of India, Shri Narendra Modi, who hoped the congress would be "an effective occasion to build a strong ecosystem for building a new momentum and strategy in the domain." Thanks to this collaborative forum, seven white papers were launched at the event, highlighting global best practice developments in the IoT arena and impartial guidance on topics including smart cities and healthcare.

In the UK, we introduced a new format for our Prestige lecture series to make them more accessible and appealing to a wider audience. Since the refresh, EngTalks have exceeded expectations by attracting record audiences. In the last 12 months, more than 170,000 people attended volunteer-led and IET staff events around the world.

We are committed to supporting members at each stage of their career and we exceeded our targets to attract non-student and apprentice members below the age of 40. This figure has now reached over 39,000. For the very first time, the IET's Young Professionals Volunteer Conference took place in Singapore instead of the UK. Here, young professionals from 19 countries came together to network with the Singapore Local Network and On Campus Groups and discuss the next big ideas for supporting other early career professionals, as well as supporting the Asia Pacific Regional Final of the IET Present Around The World competition.

Our work to promote greater diversity in engineering received an extra boost in June when we launched a social media campaign entitled #SmashStereotypesToBits for International Women in Engineering Day. The video gained over 700,000 views on social media, as well as attracting media attention and encouraged entries in the 2018 IET Young Woman Engineer of the Year Awards, which was endorsed by the UK Prime Minister.

Throughout the year, the engineering community was unified in its efforts to support the UK Government's Year of Engineering (YoE) campaign and we were delighted to play a key role in facilitating and championing this initiative. The campaign aimed to highlight the scale of opportunity that careers in the industry hold for young people. Our educational work and Engineer a Better World campaign aligned with this, and we teamed up with the BBC's iconic children's television programme, Blue Peter, to launch a nationwide competition for one lucky winner to engineer their own music video. We also hosted a special event for members and their families with IET Honorary Fellow will.i.am and futurist, Brian David Johnson, to talk about the future of technology and artificial intelligence, emphasising that "scientists and engineers are the real superheroes."

The YoE campaign enabled us to engage with Parliament and Government Ministers on key issues affecting the future prosperity of the UK. In addition to supporting discussions on skills and apprenticeships, our policy work with Government covered areas including cyber security, bridging the innovation gap, advances in healthcare provision and the challenges faced by an ageing population.

Preparations to launch a re-engineered brand and new website continued throughout 2018, ensuring that the IET remains modern, relevant and inclusive to its audiences. We worked with members, volunteers and other stakeholders to test the new visual identity and ensure that the website meets user requirements. We were delighted to share the results of this work in January 2019 and are continuing to embed our refreshed brand across our activities, products and services.

Looking ahead, as we prepare for our 150th anniversary in 2021, we are matching new donations pound-for-pound up to the value of £1 million through our fundraising efforts. This will enable us to expand our educational programmes, and support more young people into engineering through scholarships and bursaries.

Thank you to everyone who has contributed to the achievements listed in this report and for working with us throughout 2018 to engineer a better world.

Mike Carr OBE FREng BSc(Eng) HonDTech CEng FIET
IET President

Nigel Fine BSc MBA CEng FIET
Chief Executive and Secretary

IET Infographic

- Number of non-student and apprentice members below the age of 40 years increased to over 39,000
- Over 8,000 new papers published
- Over 18m Inspec Records
- The IET welcomed 57,735 online community members
- IET members in over 200 countries
- 168,266 members worldwide
- 160 Scholarships and Bursaries awarded to students and apprentices during the year

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Report of the Trustees

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

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

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

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

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

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

It's why we champion engineering.

Our aims and objectives

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

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

Extract from the IET Royal Charter

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

The IET's Strategic Framework

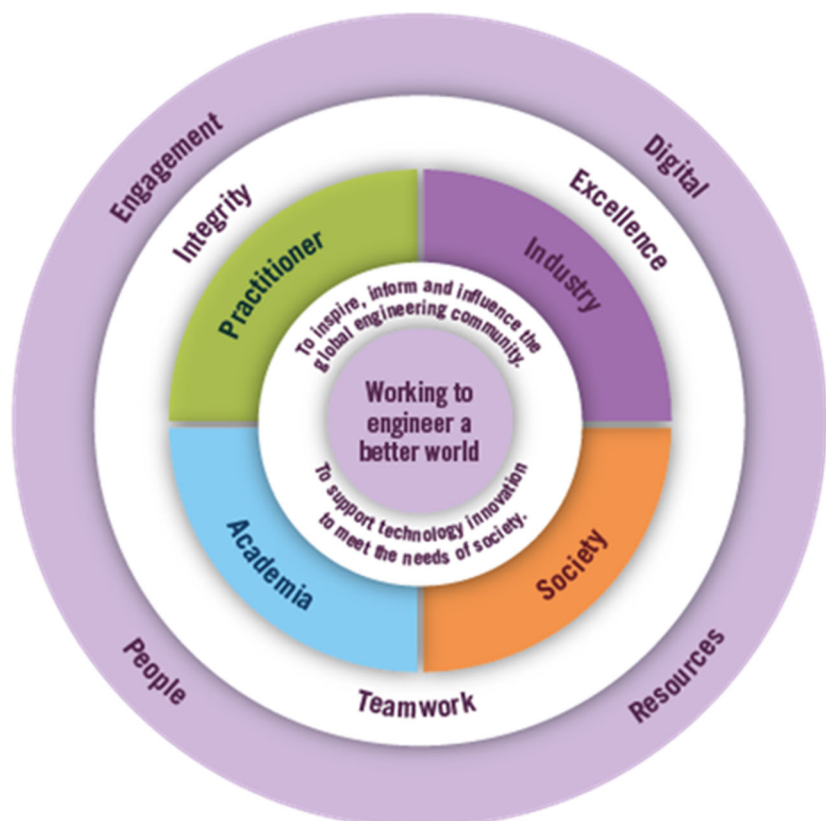
As both a professional body and a charity, the IET recognises the need to work in close partnership with its stakeholders to deliver its vision and mission. For that reason, we have modified our Strategic framework during the year with the help of volunteers and staff from across the organisation. Our framework now recognises a focus on both the impact we aim to achieve, and the outward facing and collaborative approach required to deliver it.

The framework also incorporates our Values as an organisation that believes in Integrity, Excellence and Teamwork in everything we do.

Finally, the strategic framework recognises that despite its multi-faceted activities, which span from working with school children to supporting innovation in the research community, the IET needs to be efficient and consistent in its management of its people, resources, digital estate and engagement strategies.

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

THE IET STRATEGIC FRAMEWORK



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

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

For these reasons our objectives in this area are to:

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

Partnering with industry to support quality, efficiency and innovation in engineering and technology

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

Our objectives are therefore to:

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

Helping the academic community drive innovation and insight within engineering and technology to solve global challenges

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

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

Our objectives in this area are therefore to:

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

Promoting the contribution of engineering and technology to make a real difference to society

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

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

Our objectives are therefore to:

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

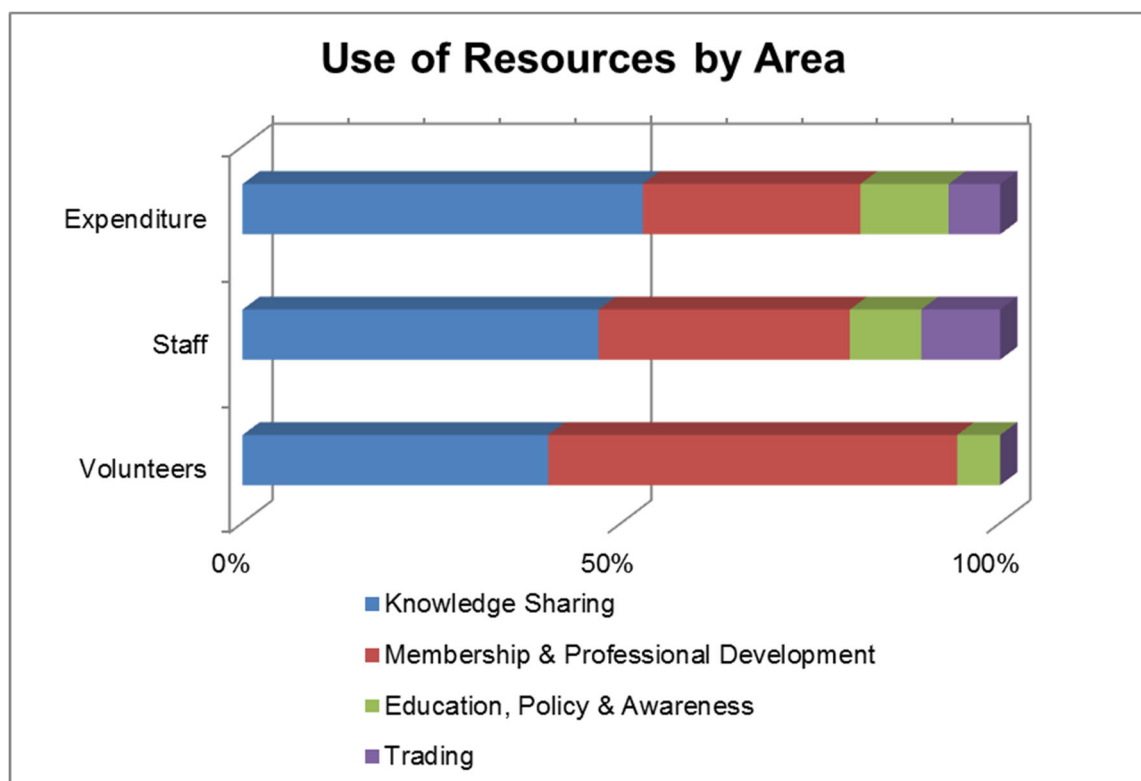
Our operational activity

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

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

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

During 2018 the relative scale of these activities can be seen in the expenditure and staff and volunteers engaged in each operational area as follows;



During 2018 our key performance indicators were derived from the previous version of our strategic framework and these are reported on under the relevant areas of operational activity.

Volunteering

Our volunteers made a real impact in 2018.

"Surround yourself with other Engineers and aim to be part of the club that is out there solving the world's problems"

Will.i.am HonFIET

Our volunteer communities are the lifeblood of the Institution. They consistently demonstrate our core values through their various volunteering activities and their contributions play a vital part in helping to inspire, inform and influence the global engineering community today and forever.

Here are just some of the impressive facts and figures that we've achieved with the support of our volunteers during 2018:

- IET Community volunteers created and hosted more than 1,600 IET events during the year. The events generated around 220,000 hours of continuing professional development (CPD) content
- Volunteers were instrumental in the award of over 160 Diamond Jubilee Scholarships and Engineering Horizons Bursaries to engineering and technology students and apprentices
- The IET / IMechE Engineering Education Grants Scheme generated £169,831 across 25 education projects reaching more than 34,000 people
- Our volunteers have helped raise the quality of engineering degrees by accrediting more than 445 academic programmes visiting 43 universities
- Over 700 IET mentors support our members with career development globally

The IET's Young Professionals Volunteer Conference took place in August 2018.

We were joined on the day by 130 Young Engineering Professionals (with a further 1,000 virtual attendees from 19 countries) at an event celebrating our Young Professional volunteer Communities.



Fundraising and Development

The IET's campaign to raise funds to support projects which tackle the engineering skills shortage has led to a well-established set of programmes which are impacting thousands of children and young people each year.

Since 2013, we've experienced a growth in numbers of new corporate and charitable donors supporting our programmes, which include our four flagship initiatives:

- Diamond Jubilee Scholarships
- Engineering Horizons Bursaries
- Faraday Challenge Days
- *FIRST*® LEGO® League

Thanks to our donors we can now be more ambitious as to where we take our programmes and who we reach out to.

We are now able to actively seek out UK schools in areas of social disadvantage and low educational social mobility, and the successful recipients of our scholarships and bursaries reflect the diversity of society. We are particularly proud of the gender diversity of our Faraday Challenge Day programmes and Diamond Jubilee Scholarships and are working towards this balanced representation across our other programmes.

In 2018, thanks to the generosity of our donors and the hard work of volunteers and staff, we have been able to:

- Deliver an extra 78 Faraday Challenge Days
- Enable teams from at least 40 schools in areas of social disadvantage to take part in the *FIRST*® LEGO® League
- Support 113 students and apprentices with scholarships and bursaries

Despite the expansion of our programmes, the need for support remains high...

We would like to see more engagement from our members and have introduced a number of new initiatives to make it easier for them to get involved.

We recently launched the *Inspiring Future Engineers* donation page, which provides several different gift options. All funds raised through this page go to support the four flagship programmes above. Donations to Take Your Place, where larger gifts were recognised with an engraved block or plaque in Savoy Place, are now also restricted to these programmes.

We were also pleased that some of the award recipients joined us at the 2018 IET Annual Dinner, which promoted our Scholarship and Bursary programmes.

The Dinner itself, which welcomed more than 800 guests, also provided 100% of its surplus funds to supporting students and apprentices from the autumn of 2018.

In celebration of our 150th anniversary in 2021, we are matching new donations from 1 July 2018 pound-for-pound, up to the value of £1 million. As of 31 December 2018, over £250,000 of donations had already been matched from the IET Benefactors Trust Fund.

We continue to welcome legacy giving from our members. In 2018 we were fortunate to be notified of over £11,500 in new legacy funds from the Community. These funds present a way for individuals to have a lasting impact on the future of their profession.

We'd like to convey our thanks to all of our funding partners for continuing to demonstrate the value that our profession places on the development of the next generation of engineers.

- BAE Systems
- Caterpillar
- Chemring Group plc
- Cundall
- David Family Foundation
- First UK
- Ford Fund
- Hendy and Pendle Charitable Trust
- INS
- Ironmongers Foundation
- Jack Petchey Foundation
- Joan Wilkinson Charitable Trust
- Lloyd's Register Foundation
- Motorola Solutions Foundation
- Mr Nigel Fine
- Mr & Mrs Tubbs
- National Grid
- Proact
- Royal Commission for the Exhibition of 1851
- Queen Mary University of London
- Siemens
- The Manly Trust
- Sage Foundation
- Society of Professional Engineers
- Spirax Sarco
- Thales Group
- The Belling Charitable Settlement
- The Engineers Trust
- The Exilarchs Foundation
- The Kirby Laing Foundation
- The Science and Technology Facilities Council
- The LEGO® Foundation
- The Whitaker Charitable Trust

Fundraising statement

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". Such amounts receivable are presented in our accounts as "Donations and legacies" and are all voluntary in nature.

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

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

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

Grant Making Policy

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

Our achievements and performance

KNOWLEDGE SHARING

"We cannot solve our problems with the same thinking we used when we created them."
Albert Einstein

Delivering user-centric knowledge solutions for rapid access to relevant content and services

Creating and sharing engineering and technology knowledge is central to how the IET delivers public benefit. This includes formal knowledge, which is often peer reviewed, but also includes the masses of tacit knowledge held by our members and the wider engineering and technology community.

We are committed to providing these services to our members, users and customers and strive to make the highest quality information available in a user-centric and device-independent manner.

The IET manages a portfolio of over 30 research titles, 3 letters journals and a gold open access megajournal. IET Journals offer a wealth of research and information in a wide range of engineering and technology fields.

Commitment to Open Access

Open Access publishing enables peer-reviewed, accepted journal articles to be made freely available online to anyone. As a society publisher and a not-for-profit organisation committed to serving the engineering community, the IET supports Open Access publishing across all of our journals.

We provide authors with multiple publishing channels and ensure that knowledge is accessible to the engineering and technology community via indexing and semantic enrichment techniques. We also work with trusted institutional and international partners to extend our reach and take advantage of economies of scale.

More than 150,000 peer-reviewed articles

In addition to our current titles, the *IET Journals Archive* is available as an online resource with perpetual access, comprised of the complete collection of research journals and magazines published by the IET, which has recently been expanded to cover titles up to 2006 (previous coverage spanned 1872-1993).

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

Engaging with professional development to ensure engineering competence

"Anyone who stops learning is old, whether at twenty or eighty"

Henry Ford

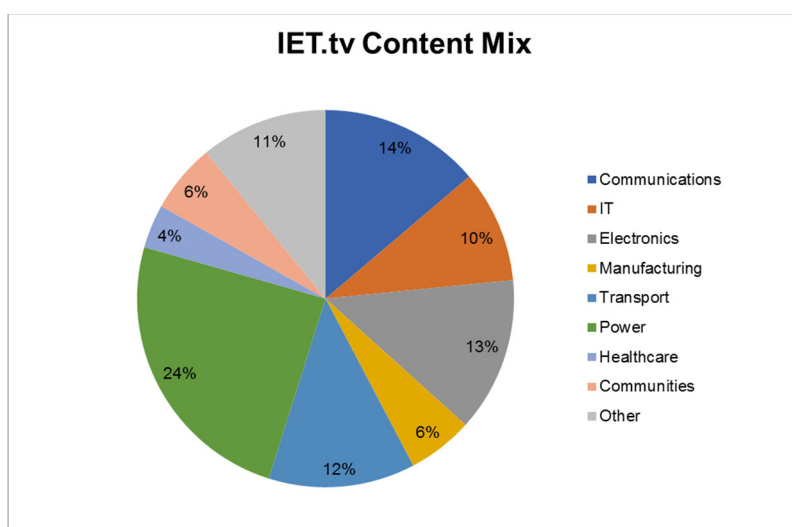
Engineers and technologists are innovating at a blistering pace...and the IET is committed to helping its community stay one step ahead, via an ever expanding toolset tailored to individuals and their own specific learning preferences.

These resources encompass a wide range of virtual and physical activities and resources, which are focused around and across a number of sectors, to enable our membership to quickly identify materials relevant to them and their peers.

Support and content spanning multiple disciplines

The IET encourages the peer-to-peer sharing of information and has positioned itself as the go-to hub for information share and communication via our online collaboration suite, *Engineering Communities*.

The IET also houses one of the world's largest collections of engineering and technology video resources, with more than 11,000 training videos, presentations and lectures housed on its video service IET.tv.



Continuing Professional Development

Formal learning, too, can be found via the IET Academy. The Academy provides a range of technical courses aimed at experienced engineers and those new to an engineering or technology career. Our expanding set of courses cover subjects including;

- Power Systems Engineering
- Risk Management
- Mobile Communications
- Railway Safety
- Engineer to Manager
- Manager to Director
- Engineering Ethics
- The Internet of Things
- Electrical Installation
- Connected and Autonomous Vehicles
- LED Lighting
- Energy Auditing

Professionalism is at the heart of the IET and its activities and as a result, we also provide the community with the tools to plan, record, review and support its Continuing Professional Development (CPD).

Working across disciplinary, corporate and geographic boundaries to improve innovation and impact

"In the real world, Engineering challenges do not come neatly labelled as 'civil', 'mechanical' or 'electrical'. In fact, the most innovative solutions often emerge when ideas from these separate disciplines collide"
Lord Brown of Madingley

From the proliferation of cyber-crime to the challenges presented by climate change, the challenges facing today's engineers and technicians do not confine themselves to geographic or disciplinary borders. Tomorrow's Engineer must not only absorb knowledge across a broad spectrum of technical disciplines, but also have a detailed understanding of the social and political context in which he or she works.

Driving innovation

As a cross disciplinary Institution, the IET believes that shared endeavor and more integrated working is required among the organisations who share our objective of making a real difference.

We proactively support inter and multi-disciplinary working as a mechanism to drive innovation and work closely with academia, industry and governments to promote the contribution of qualification and membership to professionalism.

We proactively seek partnerships with other national and global institutions in order to provide a common and more powerful voice for the engineering and technology community.

We support the international development of professional standards and training solutions where a sustainable need exists and source and distribute content across the global research community to meet demand.

The IET's website features several powerful tools to enable Engineers to share knowledge and grow their professional and social networks – chief amongst these is Engineering Communities – an online collaboration platform that supports both formal, large scale networks of Engineers alongside multi discipline, ad-hoc working teams.

In today's information rich and mobile centric world, the challenge of ensuring that IET members have access to the right information at the right time goes beyond simply connecting individuals to documents.

We are committed to sharing knowledge amongst and between our members and the engineering and technology community at large.

We use a number of methods to guarantee that both IET members and non-members can rely on us to deliver the right information to them, in their preferred format, as quickly and conveniently as possible.

These formats include

- Peer reviewed research publications, and Inspec, the IET's abstract and indexing database;
- Technical and academically driven events as well as books, magazines and web-based content, including video via IET.tv;
- The IET Wiring Regulations (BS7671) and associated peer-reviewed guidance which support safe and effective electrical installation and;
- We also provide the funding and facilities for physical and virtual communities to form around areas of professional interest.

What we said we would do

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

Strategic KPI	2018 target	2018 outcome
The number of peer reviewed papers we publish (and the Impact Factors of our journals)	7,075	8,236
The number of attendees at our physical events	165,750	178,277
The average monthly number of unique viewers of IET.tv content	12,000	17,028
Average number of Unique Website Visitors per month	775,000	785,813

What we achieved

IET Journals

We achieved our publishing goals in 2018, with 8,236 papers published against a target of 7,075.

This result is due to an over-performance by our call for papers event portfolio. A number of call-for-paper events generated far more high-quality peer-reviewed papers than we expected, with 1,726 generated against a target of 1,102. The growth of our call for papers portfolio is the result of the hard work of the IET's volunteer community and staff working hand in hand and we'll carry this momentum into future years.

We also published more than 5,500 new peer reviewed technical papers written by both IET member and non-members within IET journals, alongside more than 70 books, covering topics including novel radar techniques, user-centric privacy and security in biometrics, radio frequency identification (RFID) protocol design, optimisation, and security for the Internet of Things.

In China, five new Open Access journals launched in 2018 in partnership with world-leading Chinese research institutions and the Chinese Academy of Sciences and Technology (CAST). We were also chosen as partner for three of the 20 new CAST approved journals during the year.

Attendees at IET Events

More than 178,000 people attended an IET-run event during 2018, which represents a huge achievement and a great indicator of the hard work that our volunteer communities and staff teams have done to ensure that our events are both relevant and accessible.

We had originally targeted just under 166,000 delegates, but the popularity of certain key events, including our annual *Internet of Things Congress* in India, *EuCAP* (Antennas and Propagation), *RPG 2018* (Renewable Power Generation) and the 2018 *Young Woman Engineer of the Year* Award ceremony performed beyond our expectations.

In addition, the number of events run by our volunteer communities saw growth across the globe, with a particular rise in the Europe and Middle East region. Future targets have been raised to reflect this uptick in both interest and participation in our activities.

The IET Website and IET.tv

We also exceeded our targets for both unique website visitors, (which are calculated as an average per month) and unique, monthly unique visitors to the Institution's on-demand video service, IET.tv.

While we set our web traffic targets to what we believed were an appropriately ambitious level, traffic to the digital library and *E&T Magazine* exceeded expectations in the first half of the year leading to an over performance. We will be launching a new, rebranded website in 2019, with a renewed focus on user experience and future targets will reflect our ambition.

Traffic to IET.tv was boosted by strong member and non-member interest in our video series on preparing and applying for Professional Registration and tutorial videos for the Institution's online skills development and recording tool, Career Manager. The introduction of Engineering Video Intelligence (EVI), which allows users to not only search transcripts of their selected video content, but also share specific clips and playlists with their peers also boosted traffic to the service beyond our expectations. User take-up of the service was faster than we anticipated and future targets will reflect more mature user-traffic models.

The 18th Edition of the IET Wiring Regulations

The IET is the authority for electrical installation in the UK and in 2018 we published the 18th Edition of the IET Wiring Regulations (Requirements for Electrical Installations BS 7671: 2018) which sets out the technical standard for all new and amended electrical installations in the UK and several other countries.

This important document has a long history and was first published in 1882 as the *Rules and Regulations for the Prevention of Fire Risks arising from Electric Lighting*. The scope of the standard expanded over the next two decades and saw its 4th Edition published as the IEE Wiring Regulations, or *Wiring Rules*, in 1903.

Fast forward over 100 years to 2018 and the publication of the standard fully embraces the digital age, with the physical document being accompanied by digital and mobile versions, to enable users to access the information they need regardless of their location. A selection of seminars and online training modules were also made available, to make the 18th Edition of the Wiring Regulations the most accessible to date.

Significant changes introduced in this edition include recommendations for Arc Fault Detection Devices (AFDDs) in AC final circuits, requirements for devices for protection against overvoltage, a change to the requirement for the methods of supporting wiring systems within buildings against their premature collapse in the event of a fire and a new Appendix focusing on energy efficiency.

Changes have also been made to the requirements for electric vehicle charging installations as well as new guidance for the design and build of electrical installations that have local production and storage of energy for optimising efficiency.

ENGINEERING EVENTS AROUND THE GLOBE

IET events deliver insight and debate into the headline challenges affecting engineers and technicians of all disciplines, across the globe.

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

We welcomed more than 178,000 delegates to our portfolio of volunteer and staff developed events during the year.

These events provided Institution members and non-members with the opportunity to network, exchange opinions and debate the latest ideas in their fields. Our call for paper conferences also provided a series of high profile, international platforms for the very latest research to be heard, discussed and published.

These events were held across the globe and, as you'd expect from a multi discipline Institution, they spanned a huge range of subjects including;

- Power System Protection
- Antennas and Propagation
- The Internet of Things
- Renewable Power Generation
- Radar
- Innovation in Engineering and Technology
- Power Electronics, Machines and Drives
- Healthcare
- Railway Signalling Control Systems

We'd like to thank our delegates and the volunteer communities who helped to make these exciting and inspirational events happen.

We've transformed the look and feel of our Prestige Lecture series into inspiring EngTalks that are just as engaging for online audiences. In November, Nick Rogers from Jaguar Land Rover delivered his EngTalk on the new and disruptive technologies within the automotive industry. Events earlier in the year included Air Marshal Julian Young's talk on technological advances in the Royal Air Force and Dr Hao Li's talk on an AI-driven technique for creating 'digital humans'.

MEMBERSHIP AND PROFESSIONAL DEVELOPMENT

"Strive for perfection in everything you do. Take the best that exists and make it better. When it does not exist, design it!"

Sir Henry Royce

Supporting the transition of students and young professionals into engineering careers

Engineers and their skillsets are in great demand throughout the world. As a champion of Engineers and Technologists, we're helping to meet this demand by encouraging a skilled and sizeable pipeline of future engineers.

Inspiring the next generation of engineers and technologists

In order to do this effectively, we work with a range of educational stakeholders to promote engineering as an inspiring career choice.

The IET works with these partners to increase the visibility of both the profession and the institution throughout the education system via the promotion of role models and case studies of successful young engineers from diverse backgrounds.

We've also developed a variety of scholarships to support engineering and technology students throughout their education (with an additional focus 'On Campus') and position them to fulfil their potential as 'career ready' men and women.

Helping the community fulfil its potential

The IET strives to promote engagement in learning and encourage the achievement of professional registration in early career and greater professionalism through qualifications.

Our services, communications and membership models are related to career stage, through our Professional Home for Life ® programme.

We also ensure that younger IET members are embedded and active within our governance and volunteering activities.

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

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

The IET's membership packages are tailored to career stage with a particular focus on the importance of the transition from student status into a professional career and the need to establish and maintain a positive approach to further development.

Expanding our Partnership Activities

So that we understand exactly what global industry requires from the next generation of employees, the IET has developed a number of partnership schemes.

Through these schemes, the IET acts as a conduit between Education and Industry in promoting the hard and soft skills that tomorrow's engineer must have.

IET Corporate Partners are large organisations with a high level commitment to professional recognition and continuous professional development. We actively support and encourage Corporate Partners to develop their employees by providing in-house professional registration guidance. We also look to enable their engagement with the wider engineering and technology community through a range of events and increased awareness of opportunities throughout the IET.

Each Corporate Partner has an allocated account manager who works with them to create a tailored package of products and services designed to meet their corporate business objectives.

At the end of the year we were working with a total of 80 Corporate Partners and welcomed the following organisations to the scheme in 2018

Airbus	Frazer-Nash	Pearson
Cavendish Nuclear	James Fisher Nuclear	Viavi
Cundall	Ofcom	

An IET Enterprise Partnership is available to small and medium sized enterprises (SMEs) based in the UK that commit to an IET annual membership base of at least 15 engineers. Each Enterprise Partner works with our Partnership and Development team to create an implementation plan focusing on staff professional development and opportunities within our Partnership Community.

The scheme almost doubled in size during 2018 to a total of 56 partners, with the following joining the community in 2018.

Cambridge Precision	Intelligent Energy	SC Group
Cepac Ltd	Lofthouse of Fleetwood	Services Design Solutions Ltd
Coderus	MagiCard	York Instruments
CPWP	Moore Stephens	Z-Tech
Exheat	Nomenca	
Fairfield Control Systems	Pektron	
Ferranti Technologies	Petards	
HVPD	PowerOn Connections	

Registered Professional Electrician

The IET has, for some time, been concerned that electricians working on both basic electrical installations and complex high rise buildings might not have the required demonstrable qualifications and competence.

We believe that safety critical, electrotechnical work is largely hidden within the fabric of buildings and it is, therefore, down to the individual electrician to be accountable for the work they do, both in design, installation and maintenance.

As part of our commitment to promoting safe, best practice, we worked with the UK Engineering Council to produce a route to EngTech Professional Registration for electricians. Via this framework, electricians are assessed against a contextualised competence-based Recognised Standard.

Employers have acknowledged the value of a national standard that benchmarks the individual competence of electricians working in a safety critical role. Unlike the company based award provided by the Competent Persons Scheme, Electrician EngTech provides assurance that a professionally registered electrician has been assessed at an individual level. It provides a clear and transparent means of peer reviewed competence assessment across the UK and enhances the recognition and professionalism of electricians. We hope that registered individuals would see a reduction in recalled work and associated unplanned costs, providing financial efficiencies for all parties, too.

In the future, we will look to develop an online and verifiable UK Register for registered professional electricians that may be accessed by employers, electricians and the general public.

Membership of the Cyber Security Alliance

2018 saw cyber security take centre stage in the corporate and geo-political worlds. Following high profile events across the globe, demand for cyber security skills and the policy to enable governments and corporations to face threats has transformed in a very short space of time.

As a result, the IET became part of a collaborative alliance of organisations aiming to provide clarity regarding the essential skills, competencies and career pathways available to professionals in this fast moving arena.

We expect the Alliance to support commitments made in the UK Government's National Cyber Security Strategy throughout 2019, including the intent to recognise professionals in this area through Chartered status.

Nurturing and supporting Apprentices in the workplace

As part of the UK Government's reform of the Apprenticeship system, existing apprenticeships were replaced by new, employer-led Apprenticeship Standards. Created by groups of employers known as Trailblazers, the new Standards provide structure to apprenticeships.

In order to ensure that Apprentices are job-ready at the end of the process, the IET registered as an End-Point Assessor and as part of a pilot project, we tested our capability by completing 50 Apprentice Assessments on behalf of a range of small and large engineering employers to show whether each apprentice successfully demonstrated their competence in their chosen apprentice role.

Apprenticeships are an opportunity for employers to future proof their workforces with relevant skills and for employees to not only learn these skills, but also to earn a competitive salary while doing so – for the IET, Apprenticeships represent an opportunity to support both employers and employees and we'll be expanding our work in this area in future years.

The 2018 IET Achievements Awards

The IET's Achievement Awards, which took place in November, are part of the Achievement Awards and Scholarships programme, which provided over £1million in awards, prizes and scholarships to celebrate excellence and research in the sector across the year. All IET awards seek to inspire and reward engineering excellence, including apprentices at the start of their careers, through to established professional engineers and technicians.

The 2018 award winners were:

- Mountbatten Medal – Professor William Webb
- J J Thomson Medal for Electronics – Professor Nigel Allinson
- Achievement Medals – Dr Paul Gosling, Professor Adrian Hilton; Professor Nabeel A Riza and Professor Alex Yakovlev
- IET Volunteer Medal – John Harvey
- Paul Fletcher Award for Young Professionals – Dr Darren Williams and Dr Tan Teng Hwang
- Mike Sargeant Career Achievement Medal – Dr Myeong-Lok Seol
- Sir Henry Royce Medal for Young Professionals – Sophie Harker
- Apprentice of the Year – Phoebe Loveridge
- Technician of the Year – Neeraj Sharma
- Armed Forces Technician of the Year – Sgt Daniel Hardwick

Professional Registration in China

Throughout 2018, we worked closely with partners in China to support the registration of bi-lingual engineers (with the Engineering Council) as part of a Chinese government-supported initiative to improve international recognition of Chinese Engineers.

A pilot project took place which was used to assess whether our existing process of competence assessment could transfer successfully into the Chinese environment, while maintaining the necessary standards, audits and quality measures.

The pilot is now complete and the professional registration of Chinese Engineers (in English) is ongoing, as is the recruitment of Chinese Engineers to support assessments (in both English and Mandarin) in the future. This project continues to enjoy the backing of both the Chinese Government, which is keen to implement an internationally recognised quality standard, and the UK's Engineering Council.

The pilot has attracted interest from more partners within China, including the China Association for Science and Technology (CAST) and the China Society for Electrical Engineers (CSEE) and other State partners, so we expect to continue this exciting endeavour throughout 2019.

A F Harvey Prize

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

Professor Rui L Reis from the University of Minho in Portugal was selected as most recent recipient of the Prize for his outstanding contributions to research in the field of Medical Engineering, specifically for contributions to bioengineering, biomedical engineering, tissue engineering and biomaterials.

Professor Ruis delivered a lecture at Savoy Place in March 2018. Professor Mário G. Silveirinha, from the Instituto de Telecomunicações in Lisbon is the recipient of the most recent award and will deliver a lecture in 2019 regarding his work on non-reciprocal and topological electromagnetics.

Present Around the World

Engineers, Technologists and Technicians need to demonstrate a wide range of skills to excel in today's industrial and academic environments – these skills are not limited to technical excellence but also extend to communication and project management. The IET devised its Present Around the World (PATW) competition to give young engineers the opportunity to practice and hone their communication and presentation skills on a global platform.

For the 2017/18 season, we ran 143 heats around the world with our local networks – which expanded the competition to its largest scale to date. This season also saw the introduction of the first online heat round, available to anyone who wanted to take part but who wasn't situated near a physical heat taking place.

From these local heats and regional finals, 5 finalists were selected;

- Christopher Tan from the Asia Pacific region
- Fauzaan Shaikh from the EMEA region.
- Lakshan Subenthiran from the UK region
- Mohamed Abdelazez from the Americas region
- Rahil Mansuri from the South Asia region

The Global final took place at the Achievement Awards in London in November. The finalists delivered their presentations and after an audience vote and a decision from the judging panel, Lakshan Subenthiran from the UK region was crowned the winner for his presentation on *Unlocking The Northern Line's Potential*. Rahil Mansuri from the South Asia region was runner up with his presentation entitled *A Life Enhancing Prosthetic Knee*. The final also reached a global audience of more than 500 people via a Facebook live stream. Footage from all stages of the competition is available via YouTube and IET.tv.

What we said we would do

KPI	2018 target	2018 outcome
Number of non-student and apprentice members below the age of 40	38,430	39,157
Number of new registered members	1,920	2,023

What we achieved

As a result of our staff and volunteer efforts throughout the year, we were able to closely meet both our members under 40 and newly registered member targets during 2018. As a result of this success, targets for future years have been raised to reflect our ambition and desire to ensure that the future of the engineering workforce is not only secure, but ready for the varied challenges that the 21st Century will throw at it.

EDUCATION, POLICY AND AWARENESS

"Engineers operate at the interface between science and society"

Gordon Stanley Brown

Demonstrating the public relevance of engineering to society and as a positive career choice

While engineering and technology have helped forge the world we live in today, we believe that engineers and technicians play an instrumental role in finding solutions to current and future societal challenges and we provide both policy influence and thought leadership to promote this.

Working to Engineer a Better World

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

We also hope that by promoting Engineering and Technology, we can also help to inspire the next generation of innovators and help their parents understand the sheer breadth and nuance that encompass a career in Engineering.

We also provide fun and informative activities and opportunities for young people, alongside high quality education resources for teachers.

Acting as a voice for engineering

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

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

The IET inspires students to pursue careers in engineering and technology by providing fun and informative activities and opportunities for young people, alongside high quality resources for teachers.

In addition, the IET provides resources to help inform and guide public policy formation, raise awareness of the value of engineering within government and engage the public regarding their understanding of relevant technical issues.

Growth in Education activities

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

To meet this challenge, we produce a range of resources for teachers and pupils, organise STEM activities and partners with organisations that share our goals.

IET Faraday

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

These resources demonstrate that classroom-based activities and learning have real-world applications, via case studies showcase the most innovative examples of engineering and technology from around the world.

These materials are free and available through our website. They also include, from last year, materials tailored for Primary teachers and their classes.

IET Faraday Challenge

The programme also includes our annual engineering-based competition for schools, the IET Faraday Challenge.

The 2017-18 competition was our biggest season to date and saw 167 events take place across the UK, with 480 schools and over 5,000 students involved!

In its 10th anniversary year the Faraday Challenge partnered with Thorpe Park Resort to give students an adrenaline packed challenge to design a new attraction for the theme park and make a working prototype of one element of their design which had to include a circuit.

The National Final took place at Thorpe Park on 11th July 2018 and King Edward VI Camp Hill School for Girls in Birmingham won the title.

Thank you to everyone involved in the season –We will aim to make the Faraday programme even bigger in 2019!

FIRST® LEGO® League

LEGO is an amazing tool and is recognised as a potential doorway into the world of engineering. For this reason, we have a long standing partnership with LEGO® and FIRST® to deliver the UK and Ireland fixtures of the FIRST® LEGO® League. This competition challenges teams of children to research and attempt to design, build and programme a robot to help solve a real-world problem using LEGO® MINDSTORMS® technology.

The 2017/2018 season's UK and Ireland final was held in Bristol during February, on the theme of Hydrodynamics. The competition saw more than 7,000 competitors from 600 teams and was the largest competition we've delivered to date. A team of young engineers from Wallace Hall Academy in Dumfriesshire, Scotland, were crowned champions at the final itself. The winning team, GLIC, designed a sewage heat recovery system, which they called a 'Powerdrain'.

The 2018/2019 Season launched in May and asks competitors to explore the concept of living in and travelling through space.

We also took part in an extended pilot project during the year called *FIRST® LEGO® League Jr Discovery*, which is an introductory STEM programme geared toward children ages 4-6. This initiative sees teams of four children exploring real-world theme with an exclusive LEGO® Education Discovery model. Using this model as a starting point, they design a *new* model of their own with LEGO® DUPLO® elements. As they work, they develop valuable habits of learning, such as persisting with tasks and applying previous knowledge to new situations. Teams share their journey, ideas, models, and STEM skills at a celebration event. Throughout their experience, teams will solve challenges, discover knowledge and hopefully have some fun!

IET On Campus

The IET continued to engage with students around the world with the On Campus initiative, supporting them to stage events at their universities. During the year, our On Campus members held events including hackathons, networking evenings and technical site visits to help build social networks and technical knowledge. The first On Campus group in Israel was started this year at the Bar Ilan University in Tel Aviv. This group hosted its first Present Around the World heat which is a great start to their IET journey.

The winner of the On Campus Group of the Year award was Greenwich University. The award was made following the group's commitment and passion for Engineering and the wide range of outreach STEM awareness activities that they hosted. 40 members of group have also become IET STEM ambassadors and continue to work with young people to inspire them on their journey towards a career in engineering.

Public Affairs work

2018 was a busy year for our Public Affairs team with lots of engagement with Parliamentarians, civil servants and members of the Devolved Administrations.

We ended the year with a joint Parliamentary reception at the House of Commons to commemorate the Year of Engineering. Young engineers from our Engineers of the Future scheme, run in conjunction with LEGO® Education, showcased their inventions with MPs and Peers, including Year of Engineering Minister Nusrat Ghani MP.

We were also delighted to welcome Mrs Ghani and Stephen Metcalfe MP to the IET Young Woman Engineer of the Year awards. Earlier in the year we welcomed Skills Minister Anne Milton MP to address the IET Apprenticeships conference at Savoy Place. An IET Innovation conference heard from the Government's Chief Scientific Advisor, Dr Patrick Vallance.

We've also worked closely with the Scottish and Welsh Assemblies, holding events and engaging with elected politicians.

What we said we would do

KPI	2018 target	2018 outcome
A bespoke measure of IET's impact in the media	7,300	9,650

What we achieved

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

The IET was able to fully meet its Quality Coverage score of 7,300, with a global score of 9,650 achieved.

This result was achieved via a number of campaigns, focused on a number of territories, but all with the goal of boosting awareness of not only engineering and technology solutions and careers, but also of the Institution itself and the work that it does to benefit the careers of members and non-members. More information on the campaigns we created this year can be found on page 29.

We also received substantial levels of unexpected media attention during the year. In particular a PR campaign following our Young Woman Engineer of the Year, and our work with global market and opinion research expert Ipsos MORI proved popular amongst many media outlets, most notably the BBC.

IET COMMUNICATION CAMPAIGNS DURING 2018

In the UK, 2018 was badged as the 'Year of Engineering' by the Department for Transport and we were very active in supporting this campaign and its message of showing young people of all backgrounds the amazing things that they can achieve through a career in engineering.

The following pages are just a sample of the campaigns we launched during the year, but we will be looking to expand on these activities in future years.

We want people to think differently about engineering and our media campaigns always strive to introduce a new generation to the sheer excitement of engineering, technology and science.

For over 140 years, the IET has been inspiring, informing and influencing the global engineering career – become a volunteer and help progress our profession.

Engineer a Better World

Our Engineer a Better World campaign is now in its fourth year and it continues to inspire parents and young people, in encouraging them to think about engineering as an exciting and relevant career choice.

Parentorial

In June, we hosted a Facebook Live 'parentorial' in partnership with Mumsnet to help parents support their children with STEM subjects.

The parentorial was produced in response to IET survey results which suggested that parents' lack of confidence in STEM subjects was discouraging the younger generation from pursuing those subjects at school and beyond. 43% of parents said they have heard their children say "I'm rubbish at maths" and 32% of parents themselves have used similar statements.

Former IET Young Woman Engineer of the Year Yewande Akinola and Television Presenter Konnie Huq hosted the event and answered questions from viewers. It attracted over 25,000 views and over 400 viewers commented or liked the content.

Our research also gained prominent coverage in the media, from Sky News to the Daily Telegraph and Yahoo online, with an estimated international reach of over 213 million.

Engineering Open House Day

We ran our fourth Engineering Open House Day in August. It gave children and their parents the opportunity to go behind the scenes at UK organisations to discover the importance of engineering and technology, and how creative careers in the industry can be.

Over 5,000 visitors attended over 50 events at organisations including Google, the National Theatre, the UK Astronomy Technology Centre and many more, including BBC London, which showcased some of its latest technologies to visitors, including artificial intelligence, virtual reality and software engineering, while at IET London: Savoy Place, coding and robotics workshops were particularly popular.

Lights, Camera, Action! competition

In September, we launched a new competition alongside BBC television show Blue Peter to offer children the chance to design and engineer their very own music video.

The video was for pop-rock band New Hope Club, one of the UK's most hotly-tipped bands since releasing their debut EP in 2017.

To enter, children had to submit a storyboard for a short scene for the video and write about their favourite engineer and the impact they have had on the world.

The winner and two runners up received mentorship from industry experts on the day of the shoot itself, performing the roles of lighting, video and production engineers on set, and learning all about engineering careers in the entertainment industry.

The competition was designed to challenge stereotypical perceptions of engineers, which IET research indicates include as donning hard hats (44% of survey respondents), high-vis jackets (40%), using protective eyewear and carrying a toolbox (37%).

IET smashes stereotypes to bits

For International Women in Engineering Day on the 23rd of June, we launched a video campaign which challenges industry stereotypes that might be limiting young people's career choices.

The #SmashStereotypesToBits video features five women engineers turning the idea of a stereotypical 'pillow fight' on its head by using their technical skills. It spreads the message that engineering is a cool and recognised career choice for women, and encourages young people to consider STEM careers.

The campaign is a response to our research, which found that only 12% of young people said their current studies make them want to pursue a career in STEM. The research also found that just 26% of girls are looking to pursue a career in STEM compared to 43% of boys, which could dramatically impact the diversity and volume of talent coming into the sector.

The poll of 13-23 year-olds showed it isn't just girls who are reluctant. Over a quarter (29%) of respondents who identified as LGBTUA+ (Lesbian, Gay, Bisexual Transgender, Undefined, Asexual) opted against having a career in STEM due to worries that they would be discriminated against.

The #SmashStereoTypesToBits video has been watched over 700,000 times across our social media channels.

Young Woman Engineer of the Year Awards

Our 2018 Young Women Engineer of the Year (YWE) winners attracted the attention of UK Government, with UK Prime Minister Theresa May publicly congratulating them as "inspirational role models for girls across the country".

We recognised three young women engineers at our YWE Award ceremony in December:

- IET Young Woman Engineer of the Year: Sophie Harker, an Aerodynamics & Performance Engineer for BAE Systems;
- IET Mary George Memorial Prize for Apprentices: Shajida Akthar, a Software Engineer at Accenture;
- Women's Engineering Society (WES) Award: Lorna Bennet, a Mechanical Engineer at the Offshore Renewable Energy Catapult;
- Finalists Kate Self, Amy Wright and Dr Claire Donoghue were all highly commended. All winners and finalists will play an ambassadorial role for the engineering and technology professions in coming months, promoting engineering careers to young people.

Prime Minister, The Rt Hon Theresa May MP, said: "I am delighted to send my congratulations to the winners...In 2018, the Year of Engineering, it is crucial that we recognise the importance of this industry in advancing society and economic growth. Engineering touches every part of our lives, yet not enough young people, especially women, are choosing this rewarding and exciting career path. The Government is committed to boosting engineering but it is events like these, and people like you, that are at the heart of helping to transform this agenda.

I want to congratulate all those nominees and winners taking part in this year's Awards. As some of the most promising young women in the UK, you are inspirational role models for girls across the country and should be proud of all you have achieved."

Financial Review

Operating model

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

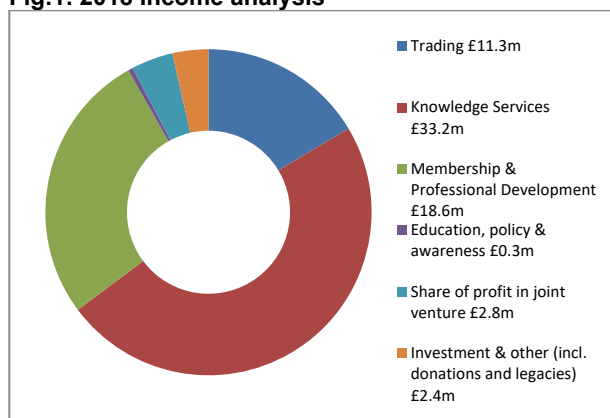
To achieve its objectives the IET needs to provide its services over the long-term and therefore aims to achieve a sustainable balance of income-generating and net-cost activities over its financial cycle. Given the IET's exposure to highly competitive and relatively mature publishing markets, the Institution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

Operational budgets are one of the IET's strategic KPIs and this KPI was achieved in 2018.

Financial outcomes in 2018

Group income generated in 2018 amounted to £68.7m, split as shown below (2017: £61.8m). Consolidated net expenditure for the year was £0.3m (2017: net income of £10.4m) before remeasurement of the defined benefit pension schemes and foreign exchange gains arising on the retranslation of foreign subsidiaries. The activities undertaken in the year were carried out within the framework of budgetary control approved by the Trustees and all the income of the charity alone has been deployed on charitable activities or retained in the charity's reserves (see Note 16).

Fig.1: 2018 Income analysis

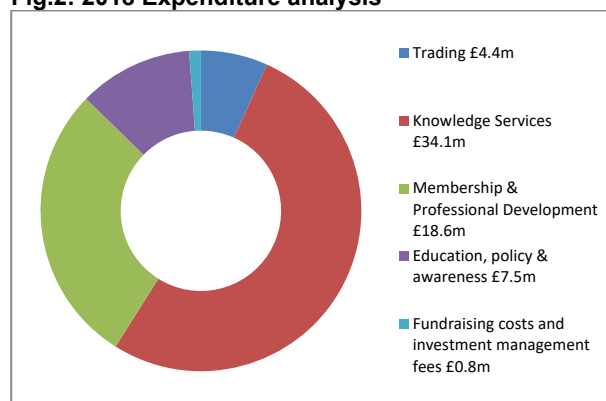


Membership & Professional Development income grew by 3.8% year-on-year and marginally exceeded expectations, driven predominantly by annual membership fee increases. Total membership was broadly in line with last year. As expected, India membership fell marginally due to a shift in emphasis towards activities that have an impact on competency and skills, and a continuing extension of the IET's influence in relation to technology innovation and problem solving in areas of high public importance. Resources in China continue to build close relationships with academic institutions generating high quality journal content. Successful engagement with employers – particularly small and medium enterprises in the UK – coupled to the IET's approach towards career stages, professional development and registration provide many opportunities to build lasting relationships.

Within Knowledge Services, income demonstrated a year-on-year increase of 29.4%, explained predominantly by the mid-year publication of the 18th Edition IET Wiring Regulations (BS 7671). Academic Publishing revenues were broadly in line with 2017 (at constant exchange rates). Enhancements to Inspec product functionality are being well received in the marketplace and will continue to improve customer retention going forwards.

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

Fig.2: 2018 Expenditure analysis



Trading activities

The proposed payments to the IET by its UK trading subsidiaries undertaking activity to raise funds for its charitable purposes are £4.7m (2017: £5.2m).

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

IET owns 100% of the shares in IEE Conventions Limited (IEECL), which in turn has a 34% share in the profits of International Broadcasting Convention Partnership (IBC) and is accounted in IEECL's accounts as a joint venture; 34% of IBC's income and related expenditure are included in IEECL's accounts (as per Note 2). IEECL's profit for the year was £2.8m (2017: £2.6m).

Balance sheet and cash flow

The IET's Group reserves and net assets decreased in the year by £5.9m (2017: increase of £17.9m). The more significant movements during the year were as follows:

- There were realised and unrealised losses in non-property investments in the year of £4.1m (2017: gains of £10.4m).
- The Savoy Hill House investment property was valued at £21.65m at 31 December 2018 resulting in an investment gain of £0.5m (2017: loss of £0.4m).
- Adjustment has been made in accordance with FRS 102 to recognise movements on the assets and liabilities of the IET's two defined benefit pension schemes. There were remeasurement losses of £5.6m during the year (2017: remeasurement gains of £7.5m).

Additional contributions totalling £1.2m were made to the two defined benefit pension schemes during the year (2017: £1.4m).

Reserves Policy

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

Total charity funds at the end of the reporting period were £167.2m (2017: £173.2m). Included in this total are restricted funds of £13.9m (2017: £15.0m), which represent amounts for restricted purposes specified by the donors and therefore not available for the general purposes of the charity.

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

The balance of the Charity's General Funds at 31 December 2018 was £89.8m (2017: £92.7m). Under Charity Commission definitions these represent the charity's free reserves. In setting and monitoring its Reserves Policy and position, the Trustees are mindful of the key financial risks in relation to ensuring the continuity (and growth) of its charitable activities. With this in mind targets/monitoring parameters have been established in respect of key financial risks, including pension liabilities and volatility, operating and continuity risk and investment volatility. The overarching aim is to achieve a balance between achieving and maintaining a robust resilient financial position while using our funds to pursue the IET's long term objectives and mission.

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

The revaluation contingency is set at 10% of unrestricted non-property investments and would insulate the IET from significant adverse movements in external financial markets, including investment values and currency movements. The pension deficit is calculated on both the technical deficit basis and the basis that the Scheme was fully invested in index-linked gilts to identify a target range for reserves as follows:

Charity only	2018 Lower range £m	2018 Upper range £m	2017 Lower range £m	2017 Upper range £m
Operations contingency	29.7	29.7	26.7	26.7
Revaluation contingency	10.2	10.2	10.5	10.5
Pensions deficit (technical basis)	7.5		9.0	
Pensions deficit (gilts-funding basis)		27.1		30.0
Target range for reserves	47.4	67.0	46.2	67.2
Actual reserves	89.8	89.8	92.7	92.7
Reserves coverage	189%	134%	201%	138%

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

In assessing Reserves that are above target range the Trustees have adopted a medium-long term perspective (up to 10 years) to target use of surplus unrestricted funds. By taking this longer-term view, on-going adjustment can also be made to the level of reserve spending to moderate short-term volatility. At present levels this implies drawdown of Reserves of £2.0-2.5m per annum for use in the IET's charitable activities.

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

Investment policy

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

"4. For the purpose of attaining the aforesaid objects the IET shall, subject to this Our Charter and the Bye-laws, have powers to do any act or thing and to administer the affairs and deal with the assets of the IET in all respects without any restrictions whatsoever and, in particular (but without limitation):

(d) to invest any monies of the IET, not immediately required for any of its objects, in such a manner as may from time to time be determined, subject nevertheless to such conditions (if any) and such consents (if any) as may for the time being be imposed or required by law and subject also as hereinafter provided;"

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

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

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

All divestment transactions are approved by two authorised signatories prior to being transacted. The investment signatory mandate is reviewed annually by the Finance and Investment Committee.

The IET's investment portfolio constitutes a significant proportion of the IET's total net assets. The portfolio includes an investment property, Savoy Hill House, as well as a blend of non-property assets.

The Institution's non-property investment portfolio is managed 100% by BlackRock who produce monthly reports for management accounting purposes as well as quarterly performance reports which are reviewed at every meeting by the Finance and Investment Committee. The Institution's investment property is valued annually.

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

The Institution's investment custodian is Bank of New York Mellon ("BNY Mellon").

The Institution's investment advisers are Mercer.

Risk is managed at an overall level by diversifying the investment portfolio between different asset classes and geographic markets, which have been agreed with the investment manager together with maximum ranges for these allocations.

The IET's current investment strategy is aimed at providing medium-long term real growth with appropriate management of risk, optimising returns on the assets set aside to cover pension scheme liabilities and delivering greater sustainable income over the long term for restricted funds. To deliver this strategy, the IET has rebalanced its portfolio of non-property investments to the target percentages listed below. It has implemented an automatic rebalancing policy for the respective investment portfolios such that funds within each portfolio will be reviewed on a quarterly basis and rebalanced to the agreed benchmark allocation where outside a tolerance level of +/- 3%:

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

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

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

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

The Trustees have considered in detail the requirements of the Charity Commission's Guidance note "Charities and investment matters: a guide for trustees" (CC14) and have concluded that the IET is not invested in any asset that is detrimental to, or at variance with, the objects and purposes of the charity, being "to promote the general advancement of science, engineering and technology and to facilitate the exchange of information and ideas on these subjects amongst the members of the IET and otherwise", and hence no specific ethical constraints are applied to the investment policy.

The IET Superannuation & Assurance Scheme closed to future accrual on 31 March 2012. As part of the arrangement to close to future accrual the IET created a Security Agreement in favour of the Trustees of the Scheme. As continuing security for the obligations and liabilities of the IET to make payments to the Scheme under the terms of the Security Agreement the IET charged, by way of a first floating charge, a segregated proportion of its investments held with the Investment Manager. At 31 December 2018, the value of the floating charge was £10m (2017: £10m).

Investment performance

The Committee monitors investment performance of equities and bonds against relevant benchmark indices and actual performance against those indices was met during the year for all managed funds. Total net investment gains, investment

losses and income from the BlackRock managed non-property investment portfolio during the year was net expenditure of £3.4m (2017: net income of £11.2m).

The BlackRock Dynamic Diversified Growth Fund is measured against the fund objective of 3-month LIBOR +3% over a rolling 3-year period. Its average annual performance over the three years 2016-2018 was LIBOR +1.47%. In 2016 equities (particularly in Europe) and tactical currency positions detracted from performance towards the start of the year, while corporate bond weakness following the US presidential election, also

detracted. The Fund's performance for 2016 was LIBOR -1.3% but improved significantly in 2017 to LIBOR +7.3%. The return in 2018 was LIBOR - 2.84%.

The BlackRock Institutional Bonds Fund – Index Linked has a benchmark of the “FTSE Actuaries UK Index - Linked Gilts over 5 Years Index”. Annualised Fund performance over the five years 2014 to 2018 was a return of 9.48% compared to a benchmark of 9.30%. For 2018 the Fund's return was (0.61)% compared to the benchmark of (0.40)%.

OUR PLANS FOR THE FUTURE

Developing our strategic framework

Work will continue during 2019 to evolve and develop our strategies within the new strategic framework, focussing on delivering our mission within each of our stakeholder communities. This will include undertaking further research into the needs of our stakeholders and reviewing the organisation's key performance indicators.

We strongly believe this revision to our strategic framework will help refocus our efforts on our charitable goals and mission to Engineer a Better World.

The IET continued its positive progress against its strategy and objectives in 2018 as described in the previous sections. Our key initiatives and associated Strategic KPIs for 2019 are also noted below.

Key initiatives during 2019

Following the launch of the IET Academy in 2018, we will look to increase the volume and variety of content offered and review our long term plans in light of the feedback received following the initial roll-out of content.

Our new brand launched in January 2019 and as well as the physical branding material, we will be ensuring our communications style also adapts to reflect an open and inclusive organisation.

Having approved a further investment in the analytics capability of our Inspec product we anticipate introducing further functionality for the research community which we believe will increase the usage and value of this world-class resource. Introduction of artificial intelligence tools and removal of legacy systems will also continue to increase efficiency.

Significant progress has been made in implementing our new Know Your Customer (KYC) management system which will increase our understanding of member and customer preferences as well as target process efficiency. The final phase of the programme is expected to commence in 2019.

Finally, we will continue work to review the updating of our administrative centre in Stevenage, UK.

Performance indicators

The following targets for the organisation have been set by the Trustees to provide a measure of achievement during 2019. Key performance indicators for periods beyond 2019 will be identified as part of the roll-out of the new strategic framework.

KPI	2019 target
Number of non-student and apprentice members below the age of 40	39,257
Number of new registered members	2,075
Quality Coverage measure	9,250
The number of peer reviewed papers we publish	8,052
The number of attendees at our physical events	180,270
The average monthly number of unique viewers of IET.tv content	17,500
Average number of Unique Website Visitors per month	790,000



Structure, governance and management

Organisational structure

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

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

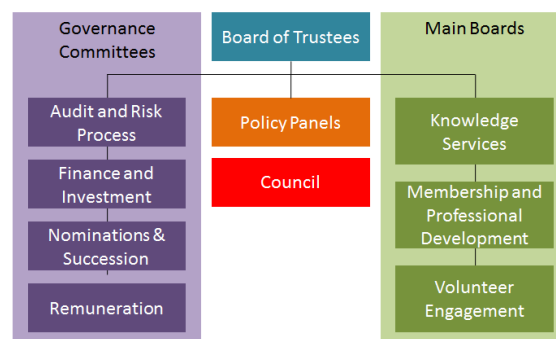
- Amendment to the Rules of Conduct
- Annual plan and budget
- Closure of Member Email Alias service
- Change to Benefactors Fund Trust Deed
- Change to Investment Policy
- Congrès International des Réseaux Electriques de Distribution (CIRED)
- Equality, Diversity and Inclusion Strategy
- Estate Strategy
- General Data Protection Regulation (GDPR)
- Governance Review
- Innovation
- Membership subscriptions
- Modern Slavery Act
- Refurbishment of Michael Faraday House
- Reporting structure of Sector and Policy Panels
- Report of Charter and Bye-laws Working Party
- Report of Strategy Working Party
- Reserve levels
- Reserves and Matched Funding
- Response to the Charity Governance Code for Larger Charities Restructure of legal entities in China
- Review of Brand Strategy
- Risk Strategy
- The business case and funding request for Inspec Analytics
- The business case and funding request for the Know Your Customer programme
- Use of surplus capacity at Savoy Place

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

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

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

Fig. 3 Governance structure



Trustee election, induction and training

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

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

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

Membership

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

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

Decision-making

Trustee roles	Appointed (from 1 October)	Retired (from 30 September)	Attendance (actual/ potential)	Other governance roles
Miss Y Akinola	2018		1/2	
Dr C M Arthur (Honorary Treasurer)	2018		2/2	Audit and Risk Process Committee (from 1 Oct) Finance and Investment Committee (from 1 Oct) Knowledge Services Board (from 1 Oct) Membership and Professional Development Board (from 1 Oct) Remuneration Committee (from 1 Oct) Volunteer Engagement Board (from 1 Oct)
Dr I S Belger	2018		2/2	Nominations and Succession Committee (from 1 Oct)
Mr A R Bevington (Vice President)	2016		6/7	Membership and Professional Development Board (Chair) Nominations and Succession Committee
Dr P W Bonfield (Deputy President)	2013		5/7	Audit and Risk Process Committee Finance and Investment Committee (Chair) Knowledge Services Board (until 30 Sep) Membership and Professional Development Board (from 1 Oct) Nominations and Succession Committee Remuneration Committee Volunteer Engagement Board (until 30 Sep)
Ms J K Bryant (Vice President)	2017		5/7	Audit and Risk Process Committee (from 1 Oct) Finance and Investment Committee (from 1 Oct)
Mr M D Carr (President)	2016		7/7	Audit and Risk Process Committee (Chair until 30 Sep) Finance and Investment Committee (until 30 Sep) Membership and Professional Development Board (until 30 Sep) Remuneration Committee (Chair)
Professor R A Cryan (Vice President)	2015	2018	1/5	
Mr J Dunn	2018		2/2	
Professor D A George (Deputy President)	2017		4/7	Audit and Risk Process Committee (Chair from 1 Oct) Finance and Investment Committee (from 1 Oct) Knowledge Services Board (from 1 Oct) Nominations and Succession Committee (from 1 Oct) Remuneration Committee (from 1 Oct) Volunteer Engagement Board (from 1 Oct)
Dr S C A Harrison (Vice President)	2017		6/7	Knowledge Services Board (Chair) Nominations and Succession Committee
Eur Ing T T Hlaing	2015	2018	5/5	Audit and Risk Process Committee (until 30 Sep) Finance and Investment Committee (until 30 Sep) Knowledge Services Board (until 30 Sep) Membership and Professional Development Board (until 30 Sep) Remuneration Committee (until 30 Sep) Volunteer Engagement Board (until 30 Sep)
Eur Ing G N Hobbs	2015	2018	3/5	Audit and Risk Process Committee Finance and Investment Committee Nominations and Succession Committee
Mrs V M Hodge (Vice President)	2016		7/7	Volunteer Engagement Board (Chair) Nominations and Succession Committee
Miss S E Hubbard	2017		7/7	Audit and Risk Process Committee (from 1 Oct) Finance and Investment Committee (from 1 Oct) Nominations and Succession Committee (from 1 Oct)
Professor J A Noble (Vice President)	2016		5/7	Nominations and Succession Committee (from 1 Oct)
Ms A Randall	2017		5/7	
Professor J D M Watson	2011	2018	4/5	Nominations and Succession Committee (Chair from 1 Oct) Remuneration Committee
Mr N P Wiser (Past President)	2013		6/7	Nominations and Succession Committee Remuneration Committee
Air Marshal J A Young (Vice President)	2016		6/7	

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

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

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

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

Effectiveness reviews

The Main Boards and Committees of the IET complete an annual exercise to identify skills gaps and assess the effectiveness of the relevant board or committee. Periodically, the IET also commissions an external organisation to review the effectiveness of the Institution's governance arrangements and the most recent review was conducted in 2015 by Grant Thornton, following which an action plan was agreed in April 2016.

Remuneration of key management personnel

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

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

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

market trends and advice on structuring of incentives.

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

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

Gender Pay Gap

In 2018, the IET undertook a review into its gender profile and pay gap.

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

The report shows that a gender pay gap remains within the workforce and that the Institution is committed building on work started in 2017 to proactively address and close the gap. Our commitments include a number of actions to identify and support females to progress to more senior roles (via recruitment or progression), whilst also promoting a more balanced gender profile across the whole of the organisation.

Alongside this, in 2018 we developed a clear strategy which defines our approach to equality, diversity and inclusion. We continued measuring our progress in increasing diversity and inclusion within the Institution against the Royal Academy of Engineering and Science Council Diversity and Inclusion progression Framework Tool to ensure we challenge ourselves to improve our approach to diversity and inclusion overall.

Charity Governance Code

In February 2018, the IET adopted the Charity Governance Code for Larger Charities (2017) replacing the Charity Governance Code which was adopted by the IET in 2012. The Board of Trustees receives an annual report reviewing the use of, and compliance with, the Code. The majority of recommended practices within the Code correspond with the practices of the IET and where

the IET has not adopted some of these practices
the Board of Trustees receive an explanation of
the reasons.

Risk management

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

Risk mitigation and management plans, including internal controls, are developed in agreement with the senior staff.

The strategic and operational risk register informs the planning of Internal Audit work which is agreed by the Audit and Risk

Process Committee and includes testing of internal controls.

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

The most significant strategic risks and uncertainties faced by the IET in 2018 are shown in the table below.

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

Strategic risk	Principle mitigations
Maintaining systems integrity and information security	Appropriate information policies and procedures have been put in place and these are subject to both internal review and external testing. Incident management and business continuity procedures are also in place.
Ability to meet defined benefit pension liabilities	The scheme has previously been closed to accrual. Risk reduction and funding approaches have been agreed with scheme trustees. These are supported by IET's own Reserve and investment policies.
Ensuring compliance with data protection guidelines	Policies and procedures in place and training provided.
Threats to the level of publishing revenues	The IET's financial model depends on contributions generated from mature publishing products. Mitigations include close management of strategic partnerships, product development and new product initiatives.
Protecting the intangible value of business asset	Scanning for trends and threats to business value together with appropriate development of existing products to maintain relevance.
Ensuring IET's activities remain financially sustainable	The IET has adopted a financial framework to structure budgeting. Mitigations include activity portfolio management and sound procurement practices.
Ensuring compliance with tax legislation	Review usage of venues for charitable purposes. Monitor business models of overseas and UK trading subsidiaries.
Adequate project management capabilities for effective development	Standard project methodologies (including Agile) supported by structured Project Office procedures and Executive monitoring. Qualified project managers are used for key projects.
Liabilities and reputational risk resulting from publications, opinions and advice	Use of suitably qualified staff together with robust editing and checking procedures. Up to date quality control systems in place.
Ability to maintain status and influence in Public Policy	Joint working approach to seek to influence Government from a unified engineering base. Review of strategy of Strategic Engagement and Partnerships team.
Adverse trends in member demographics	Development of engagement through IET On Campus and other Young Professional oriented activities.
Safeguarding children and vulnerable adults	Ensuring suitable policy, procedures and checks are in place as well as mandatory training for all staff and volunteers.

Related parties and collaboration with other charities

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

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

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

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

Corporate Social Responsibility

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

The IET promotes and encourages ethical behaviour in the practice of these disciplines by all stakeholders. In so doing, the IET seeks to raise

the level of public trust and confidence in the positive contribution to society made by science, engineering and technology. In joining the IET, all members must agree to abide by the Rules of Conduct which aim to support members to take an ethical stance when balancing the often conflicting interests and demands of employers, society and the environment.

The IET has a shared set of values for its staff and volunteers and seeks to develop the skills and opportunities of staff and volunteers as part of a single team.

Many of IET's members support the work of the IET Benevolent Fund (IET Connect). In 2010, the IET became a patron of disaster relief charity RedR. RedR works on an international level to improve the effectiveness of disaster relief, by delivering essential training and support to relief organisations and their staff, and by providing skilled professionals to humanitarian programmes. Each year the staff also selects charities for their own fundraising activity, which for 2018 were;

- Age UK
- Alzheimer's Society
- British Heart Foundation
- Children Today
- The Garden House Hospice
- Hearing Dogs
- Leukaemia Care
- Purrs Cat Rescue
- RedR
- Save the Children
- Sports Relief

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

Modern Slavery Act Statement

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

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

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

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

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

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

This statement was approved by the Board of Trustees on 27 March 2018.

Reference and administrative information

This information is included on page 75.

Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Trustees Report on pages 5 to 41 was approved by the Trustees on 21 March 2019 and signed on their behalf by:



Mr Mike Carr OBE FEng BSc(Eng) HonDTech CEng FIET, President

INDEPENDENT AUDITOR'S REPORT TO TRUSTEES OF THE INSTITUTION OF ENGINEERING AND TECHNOLOGY

Opinion

We have audited the financial statements of The Institution of Engineering and Technology ("the parent Charity") and its subsidiaries ("the Group") for the year ended 31 December 2018 which comprise the consolidated and parent charity statements of financial activities, the consolidated and parent charity balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 December 2018 and of the Group's and parent charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010.

Basis for opinion

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

Conclusions related to going concern

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

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

Other information

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

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate and proper accounting records have not been kept by the Parent Charity; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the parent Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Fiona Condron (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick
Date: 27 March 2019

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

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

Consolidated Statement of Financial Activities

for the year ended 31 December 2018

		Unrestricted Funds	Restricted and Endowment Funds	Total Funds	Unrestricted Funds	Restricted and Endowment Funds	Total Funds
	Notes	2018 £000	2018 £000	2018 £000	2017 £000	2017 £000	2017 £000
INCOME AND ENDOWMENTS FROM:							
Donations and legacies		14	468	482	16	1,318	1,334
Trading activities	2	11,283	-	11,283	11,504	-	11,504
Investment and other income	3	1,661	304	1,965	1,486	260	1,746
Charitable Activities							
Education, policy & awareness		339	-	339	1,021	-	1,021
Knowledge services		33,244	-	33,244	25,699	-	25,699
Membership & professional development		18,562	-	18,562	17,881	-	17,881
Share of profit in joint ventures	2	2,837	-	2,837	2,595	-	2,595
Total		67,940	772	68,712	60,202	1,578	61,780
EXPENDITURE ON:							
Raising Funds							
Fundraising costs		378	-	378	350	-	350
Trading activities		4,412	-	4,412	4,212	-	4,212
Investment management fees		352	42	394	437	41	478
Charitable Activities							
Education, policy & awareness		6,325	1,198	7,523	5,966	1,007	6,973
Knowledge services		34,111	-	34,111	32,581	-	32,581
Membership & professional development		18,559	-	18,559	16,866	-	16,866
Total	5	64,137	1,240	65,377	60,412	1,048	61,460
Net (losses)/gains on investments	9	(2,947)	(683)	(3,630)	8,634	1,415	10,049
Net income/(expenditure)		856	(1,151)	(295)	8,424	1,945	10,369
Other recognised (losses)/gains:							
Remeasurements of net defined benefit pension schemes	17	(5,615)	-	(5,615)	7,509	-	7,509
Foreign exchange gains arising on retranslation of foreign subsidiaries		27	-	27	-	-	-
Net movement in funds		(4,732)	(1,151)	(5,883)	15,933	1,945	17,878
Reconciliation of funds:							
Total funds brought forward		158,859	15,027	173,886	142,926	13,082	156,008
Total funds carried forward	16	154,127	13,876	168,003	158,859	15,027	173,886

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

IET Statement of Financial Activities

for the year ended 31 December 2018

		Unrestricted Funds	Restricted and Endowment Funds	Total Funds	Unrestricted Funds	Restricted and Endowment Funds	Total Funds
	Notes	2018 £000	2018 £000	2018 £000	2017 £000	2017 £000	2017 £000
INCOME AND ENDOWMENTS FROM:							
Donations and legacies							
Qualifying charitable donations due to the IET	2	4,541	-	4,541	5,225	-	5,225
Other donations and legacies		14	468	482	16	1,318	1,334
Investment and other income	3	6,918	304	7,222	6,429	260	6,689
Charitable Activities							
Education, policy & awareness		339	-	339	1,021	-	1,021
Knowledge services		33,116	-	33,116	25,549	-	25,549
Membership & professional development		18,058	-	18,058	17,509	-	17,509
Total		62,986	772	63,758	55,749	1,578	57,327
EXPENDITURE ON:							
Raising Funds							
Fundraising costs		378	-	378	350	-	350
Investment management fees		352	42	394	437	41	478
Charitable Activities							
Education, policy & awareness		6,325	1,198	7,523	5,966	1,007	6,973
Knowledge services		34,172	-	34,172	32,571	-	32,571
Membership & professional development		18,241	-	18,241	16,753	-	16,753
Total	5	59,468	1,240	60,708	56,077	1,048	57,125
Net (losses)/gains on investments	9	(2,810)	(683)	(3,493)	8,634	1,415	10,049
Net income/(expenditure)		708	(1,151)	(443)	8,306	1,945	10,251
Other recognised (losses)/gains:							
Remeasurements of net defined benefit pension schemes	17	(5,615)	-	(5,615)	7,509	-	7,509
Net movement in funds		(4,907)	(1,151)	(6,058)	15,815	1,945	17,760
Reconciliation of funds:							
Total funds brought forward		158,190	15,027	173,217	142,375	13,082	155,457
Total funds carried forward	16	153,283	13,876	167,159	158,190	15,027	173,217

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

Consolidated and IET Balance Sheets

as at 31 December 2018

	Notes	Group 2018 £000	2017 £000	Charity 2018 £000	2017 £000
Fixed assets					
Intangible assets	7	-	-	163	244
Tangible assets	8	31,774	33,635	31,769	33,628
Investments	9	141,961	144,909	141,424	144,808
Total fixed assets		173,735	178,544	173,356	178,680
Current assets					
Stocks and work in progress	10	348	285	348	244
Debtors	11	12,113	9,345	12,557	11,271
Short term cash investments	9	102	95	102	95
Cash at bank and in hand		9,950	7,876	7,339	3,436
Total current assets		22,513	17,601	20,346	15,046
Liabilities					
Creditors: Amounts falling due within one year	12	(19,907)	(18,938)	(18,205)	(17,350)
Net current assets/(liabilities)		2,606	(1,337)	2,141	(2,304)
Total assets less current liabilities		176,341	177,207	175,497	176,376
Creditors: Amounts falling due after more than one year	13	(3,842)	(3,517)	(3,842)	(3,355)
Net assets excluding pension (liability)/asset		172,499	173,690	171,655	173,021
Defined benefit pension scheme (liability)/asset	17	(4,496)	196	(4,496)	196
Total net assets		168,003	173,886	167,159	173,217
FUNDS					
Endowment funds		13,190	14,578	13,190	14,578
Restricted income funds		686	449	686	449
Restricted funds		13,876	15,027	13,876	15,027
Unrestricted funds	16	158,623	158,663	157,779	157,994
Unrestricted funds		158,623	158,663	157,779	157,994
Pension reserve	17	(4,496)	196	(4,496)	196
Total funds	16	168,003	173,886	167,159	173,217

The notes on pages 49 to 74 form part of these financial statements.

Approved and authorised for issue by the Trustees on 21 March 2019 and signed on their behalf by:



Mr Mike Carr OBE FEng BSc(Eng) HonDTech CEng FIET,
President



Dr Colin Arthur BEng PhD MIET,
Honorary Treasurer

Consolidated Statement of Cash Flows

for the year ended 31 December 2018

	Group 2018 £000	Group 2017 £000
Cash flows from operating activities:		
Net cash (used in) operating activities	(1,686)	(2,234)
Cash flows from investing activities:		
Interest received	50	22
Rent received	1,136	858
Share of profit in joint ventures	2,837	2,595
Income from non-property investments	674	787
Investment management fees	(394)	(478)
Purchase of tangible fixed assets	(288)	(72)
Purchase of investments	(3,802)	(31,239)
Sale of investments	3,640	30,902
Net cash provided by investing activities	3,853	3,375
Cash flows from financing activities:		
Finance lease repayments	(86)	(89)
Net cash (used in) financing activities	(86)	(89)
Change in cash and cash equivalents in the year	2,081	1,052
Cash and cash equivalents at 1 January	7,971	6,919
Cash and cash equivalents at 31 December	10,052	7,971

Reconciliation of net (expenditure)/income to net cash flow from operating activities

	Group 2018 £000	Group 2017 £000
Net (expenditure)/income	(295)	10,369
Depreciation and amounts written off in connection with assets no longer in use	2,149	2,185
Goodwill amortisation	-	16
Net losses/(gains) on investments	3,630	(10,049)
Adjustment to carrying value of joint venture	(161)	(47)
Foreign exchange gains arising on retranslation of foreign subsidiaries	27	-
(Increase)/decrease in stocks	(63)	10
(Increase)/decrease in debtors	(2,768)	231
Increase/(decrease) in creditors	1,021	(26)
Add back of non-cash FRS 102 charge/(credit) in respect of defined benefit schemes	302	251
Contributions paid to defined benefit schemes	(1,225)	(1,390)
Interest received	(50)	(22)
Share of profit in joint ventures	(2,837)	(2,595)
Rent received	(1,136)	(858)
Income from non-property investments	(674)	(787)
Investment management fees	394	478
Net cash (used in) operating activities	(1,686)	(2,234)

Analysis of cash and cash equivalents

	Group 2018 £000	Group 2017 £000
Short term cash investments	102	95
Cash at bank and in hand	9,950	7,876
	10,052	7,971

Notes Forming Part of the Financial Statements

for the year ended 31 December 2018

1 ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared under the historical cost convention, as modified by the inclusion of certain financial instruments at fair value, and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 as amended.

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

Preparation of the accounts on a going concern basis

The Trustees confirm that at the time of approving the financial statements, there are no material uncertainties regarding the Charity's ability to continue in operational existence for the foreseeable future. In arriving at this conclusion the Trustees have taken account of current and anticipated financial performance in the current economic conditions, its Corporate Plan and its reserves position. For this reason, the going concern basis continues to be adopted in the preparation of the Charity's financial statements.

Key judgments and assumptions

The most significant areas of judgment and assumption that affect items in the accounts include the actuarial assumptions which underpin the Pension Scheme Liability (see Note 17 for more information) and the accounting treatment of Savoy Hill House. This property has been accounted for wholly as an investment

property. The percentage of the property used for operational use is less than 10% of the floor space and as such is considered a trivial amount; furthermore, this element is not capable of being sold or leased out separately. With respect to the next reporting period, the most significant areas of uncertainty that affect the carrying value of assets held by the IET are the level of investment return and the performance of investment markets (see the Investment Policy within the Trustees' Annual Report and Note 9).

Constitution

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

Basis of Consolidation

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

Income

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

Legacies are accounted for when considered receivable.

Investment income and donations are accounted for when receivable.

Expenditure

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

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

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

Foreign Currency Transactions

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

Taxation

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

Grants payable

Grants are recognised in full when there is a legal and constructive obligation.

Goodwill

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

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

Depreciation

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

Mechanical and Electrical Installations
Straight-line over 15 years

Furniture, fittings and equipment
Straight-line over 10 years

Computer and electronic equipment
Straight-line over 4 years

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

Assets in the course of construction are not depreciated.

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

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

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

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

Investments

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

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

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

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

Stocks & Work-In-progress

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

Debtors

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

Financial instruments

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

Cash at bank and in hand

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

Liabilities

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

Leasing

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

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

considered to be contingent rent. Contingent rent is treated as expenditure as it becomes payable.

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

Fund accounting

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

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

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

Pension Costs

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

Defined benefit plans

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

Asset/Liability

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

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

Gains/Losses

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

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

Irrecoverable VAT

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

2 TRADING ACTIVITIES & SUBSIDIARIES

The Group's financial statements incorporate all the IET's wholly owned subsidiary companies. Throughout 2018 the IET had two active wholly owned non-charitable trading subsidiary undertakings registered in England and Wales, IET Services Limited (IETSL), company registration number 909719, and IEE Conventions Limited (IEECL), company registration number 3566585, both of which are consolidated. The profit and loss accounts of these subsidiaries are shown below, and net profits are donated to the IET under the Gift Aid Scheme.

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

	IETSL 2018 £000	IETSL 2017 £000	IEECL 2018 £000	IEECL 2017 £000
Turnover – external	11,283	11,504	-	-
Turnover – intercompany	4,445	3,678	-	-
Turnover – total	15,728	15,182	-	-
Share of Joint Venture profits	-	-	2,848	2,611
Cost of Sales	(13,073)	(11,473)	-	-
Gross Profit	2,655	3,709	2,848	2,611
Distribution Costs	(1,013)	(955)	-	-
Administration Expenses	5	(67)	(4)	(3)
Operating Profit	1,647	2,687	2,844	2,608
Net Interest Payable and Similar Charges	(37)	(42)	-	-
Profit on Ordinary Activities before Tax	1,610	2,645	2,844	2,608
Tax on ordinary activities	-	(15)	(7)	(13)
Profit for the Financial Year	1,610	2,630	2,837	2,595
Statement of Changes in Equity:				
Balance at 1 January	94	94	116	116
Profit for the Financial Year	1,610	2,630	2,837	2,595
Qualifying charitable donations due to the IET	(1,704)	(2,630)	(2,837)	(2,595)
Balance at 31 December	-	94	116	116
Comprising - assets	3,445	4,253	1,091	936
- liabilities	(3,445)	(4,159)	(975)	(820)

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

2a Other subsidiaries

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

IET USA, Inc. is located in Edison, New Jersey. The two principal channels of business for IET USA, Inc. are reseller support activity and direct sales of books and journals. The SciTech book publishing business was transferred from IET USA, Inc. to the IET on 31 December 2015; further information is provided in Note 7.

Institution of Engineering and Technology (IET (India)), company registration number U80903KA2007NPL044461, is registered in Bangalore as a not-for-profit company incorporated under section 25 of the Indian Companies Act with charitable objects consistent with those of the IET in the UK. On 23 May 2012 IET Services (India) Private Limited (IET Services (India)), company registration number U93000KA2012FTC064117, was incorporated. IET Services (India) was established to carry out specific activities, including the sale of IET memberships locally in India. IET (India) now only carries on Local Network activity in India.

IET Engineering and Technology Holdings Ltd (IET Holdings), registration number 1249285 and IET Engineering & Technology (Beijing) Consultancy Ltd (IET (Beijing)), registration number 110000450079713, are registered in Hong Kong and China respectively.

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

	IET USA Inc. £000	IET (India) £000	IET Services (India) £000	IET Holdings £000	IET (Beijing) £000	Total 2018 £000	Total 2017 £000
External income	429	-	381	-	202	1,012	951
Intragroup income	812	197	502	1	794	2,306	2,463
External expenditure	(853)	(185)	(680)	(2)	(910)	(2,630)	(2,548)
Intragroup expenditure	(300)	-	(85)	-	-	(385)	(545)
Dividend payable to the IET	-	-	-	-	-	-	(341)
Funds retained by/(used by) the subsidiary	88	12	118	(1)	86	303	(20)
Net assets	632	174	407	-	475	1,688	1,359

3 INVESTMENT AND OTHER INCOME

	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
Income from equities	520	672	520	672
Income from bonds	154	115	154	115
Interest received on cash	50	22	37	21
Rent receivable	1,136	858	1,136	858
Other income - external	105	79	105	79
Dividend receivable from IET (Beijing)	-	-	-	341
Other income received from subsidiary undertakings	-	-	5,270	4,603
	1,965	1,746	7,222	6,689

4 NET INCOME/(EXPENDITURE)

This is stated after charging:

	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
Depreciation	2,149	2,185	2,147	2,181
Foreign exchange losses arising on retranslation of foreign subsidiaries ¹	-	70	-	-
Foreign exchange gains arising on transactions	(179)	(19)	(165)	(22)
Payments under operating leases:				
- Land and buildings rents	631	614	428	428
- Other	33	36	30	32
Auditor's remuneration:				
- Statutory Audit	48	46	43	42
- Taxation	65	32	60	27

¹ See Note 5

5 ANALYSIS OF TOTAL RESOURCES EXPENDED

Group	Direct staff costs £000	Grant funding of activities £000	Other direct costs £000	Support costs (note 5a) £000	Total 2018 £000	Total 2017 £000
Charitable activities						
Education, policy & awareness	1,568	954	2,474	2,527	7,523	6,973
Knowledge sharing ¹	7,725	-	13,750	12,636	34,111	32,581
Membership & professional development ¹	4,420	-	5,217	8,922	18,559	16,866
Total charitable expenditure	13,713	954	21,441	24,085	60,193	56,420
Fundraising costs	119	-	25	234	378	350
Trading activities	3,087	-	1,325	-	4,412	4,212
Investment management fees	-	-	394	-	394	478
Total resources expended	16,919	954	23,185	24,319	65,377	61,460
IET	Direct staff costs £000	Grant funding of activities £000	Other direct costs £000	Support costs (note 5a) £000	Total 2018 £000	Total 2017 £000
Charitable activities						
Education, policy & awareness	1,568	954	2,474	2,527	7,523	6,973
Knowledge sharing	7,725	-	13,811	12,636	34,172	32,571
Membership & professional development	4,420	-	4,899	8,922	18,241	16,753
Total charitable expenditure	13,713	954	21,184	24,085	59,936	56,297
Fundraising costs	119	-	25	234	378	350
Investment management fees	-	-	394	-	394	478
Total resources expended	13,832	954	21,603	24,319	60,708	57,125

¹ In 2017, 'Foreign exchange loss/(gains) arising on retranslation of foreign subsidiaries' were included within 'Expenditure on charitable activities'. A foreign exchange loss of £46,000 was included within Knowledge sharing and a foreign exchange loss of £24,000 was included within Membership and Professional Development. In 2018, these foreign exchange items are now shown explicitly in the SOFA under 'Other recognised gains/(losses)'.

5a Support Costs

Group and IET	Finance & corporate £000	IT £000	Human resources £000	Property & offices £000	Governance £000	Total 2018 £000	Total 2017 £000
Fundraising costs	64	80	12	75	3	234	208
Charitable activities							
Education, policy & awareness	692	856	128	814	37	2,527	2,046
Knowledge sharing	3,458	4,283	639	4,070	186	12,636	11,564
Membership & professional development	2,441	3,025	452	2,873	131	8,922	7,871
Total charitable expenditure	6,655	8,244	1,231	7,832	357	24,319	21,689

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

5b Analysis of grants – Group

	Grant to institution 2018 £000	Grants to individuals 2018 £000	Support costs 2018 £000	Total 2018 £000	Grant to institution 2017 £000	Grants to individuals 2017 £000	Support costs 2017 £000	Total 2017 £000
Education, policy & awareness								
Research	357	-	12	369	338	-	16	354
Scholarships, awards and prizes	-	515	37	552	-	585	-	585
Hardship and financial assistance	-	33	-	33	-	2	-	2
Total	357	548	49	954	338	587	16	941

	Grant to institution 2018 Number	Grants to individuals 2018 Number	Support costs 2018 Number	Total 2018 Number	Grant to institution 2017 Number	Grants to individuals 2017 Number	Support costs 2017 Number	Total 2017 Number
Education, policy & awareness								
Research	1	-	-	1	1	-	-	1
Scholarships, awards and prizes	-	154	-	154	-	210	-	210
Hardship and financial assistance	-	24	-	24	-	2	-	2
Total	1	178	-	179	1	212	-	213

5c Analysis of grants – Charity

	Grant to institution 2018 £000	Grants to individuals 2018 £000	Support costs 2018 £000	Total 2018 £000	Grant to institution 2017 £000	Grants to individuals 2017 £000	Support costs 2017 £000	Total 2017 £000
Education, policy & awareness								
Research	357	-	12	369	338	-	16	354
Scholarships, awards and prizes	-	515	37	552	-	485	-	485
Hardship and financial assistance	-	33	-	33	-	2	-	2
Total	357	548	49	954	338	487	16	841

	Grant to institution 2018 Number	Grants to individuals 2018 Number	Support costs 2018 Number	Total 2018 Number	Grant to institution 2017 Number	Grants to individuals 2017 Number	Support costs 2017 Number	Total 2017 Number
Education, policy & awareness								
Research	1	-	-	1	1	-	-	1
Scholarships, awards and prizes	-	154	-	154	-	183	-	183
Hardship and financial assistance	-	24	-	24	-	2	-	2
Total	1	178	-	179	1	185	-	186

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

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

The Grant to Institution during the year represents the IET's A F Harvey Engineering Research Prize which was awarded through host organisation Instituto de Telecomuncacoes, Portugal. The host organisation in 2017 was the University of Minho.

6 EMPLOYEES

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

	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
Payroll costs:				
Salaries and overtime	21,668	21,288	19,146	18,785
Social Security	2,328	2,275	2,023	1,988
Pension and other benefits				
- defined benefit pension schemes	302	251	302	251
- defined contribution pension scheme	1,980	1,724	1,822	1,573
- other payments	591	571	486	466
Operating costs of defined benefit schemes	377	465	377	465
Termination payments	279	209	279	209
	27,525	26,783	24,435	23,737

The average monthly number of staff employed by the IET in the year was 552 (2017: 558) and by the Group was 617 (2017: 628), made up as follows:

	Group 2018 Number	Group 2017 Number	Charity 2018 Number	Charity 2017 Number
Charitable activities	578	589	549	555
Trading activities	36	36	-	-
Governance	3	3	3	3
	617	628	552	558

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

	Group 2018 Number	Group 2017 Number	Charity 2018 Number	Charity 2017 Number
£60,000 - £69,999	23	19	20	15
£70,000 - £79,999	11	10	9	8
£80,000 - £89,999	10	7	9	5
£90,000 - £99,999	4	4	2	4
£100,000 - £109,999	3	1	3	1
£120,000 - £129,999	1	-	1	-
£130,000 - £139,999	1	-	1	-
£140,000 - £149,999	-	2	-	2
£150,000 - £159,999	1	1	1	1
£160,000 - £169,999	2	1	1	1
£170,000 - £179,999	1	2	1	1
£180,000 - £189,999	1	2	-	1
£370,000 - £379,999	1	-	1	-
£410,000 - £419,999	-	1	-	1

For the Group eight of the above employees (2017: seven) and for the Charity eight of the above employees (2017: six) were deferred members of the defined benefit IET Superannuation & Assurance Scheme.

For the Group, 50 employees were members of the IET's defined contribution scheme (2017: 41). For the Group, pension payments in respect of the relevant employees to the defined contribution scheme totalled £460,013 (2017: £411,471).

For the Charity, 46 employees were members of the IET's defined contribution scheme (2017: 36). For the Charity, pension payments in respect of the relevant employees to the defined contribution scheme totalled £406,352 (2017: £350,361).

6a REMUNERATION AND BENEFITS RECEIVED BY KEY MANAGEMENT PERSONNEL

The figures for the year ended 31 December 2017 include amounts relating to the IET's Long Term Incentive Plan, which has not been repeated in the year ended 31 December 2018.

IET considers the key management personnel of the organisation to comprise the Trustees, together with the Chief Executive and Secretary (CES) and other members of the Executive Team who routinely attend Board of Trustees meetings. The aggregate remuneration and benefits of those personnel for services to the Charity and Group, in the year amounted to £1,373,326 (2017: £1,323,957). In addition, employer's national insurance contributions were £167,985 (2017: £166,311). Of these amounts £nil (2017: £nil) related to the Trustees. However, five of the Trustees benefited from contracts with group companies, the details of which are set out in Note 15.

The emoluments of the CES, including benefits in kind, amounted to £378,435 in the year (2017: £414,061), including payments in lieu of pension contributions. The CES is not a member of any IET pension scheme and no contributions are made to any other pension arrangements by the IET.

During the year, travelling and subsistence expenses totalling £58,856 were incurred by the nine members of the Executive Team considered key management personnel on behalf of the IET (2017: £46,560 by seven members of the Executive Team).

7 INTANGIBLE FIXED ASSETS – Charity

	Goodwill £000
Cost:	
At 1 January 2018	407
At 31 December 2018	407
Amortisation:	
At 1 January 2018	163
Charge for the year	81
At 31 December 2018	244
Net book value:	
At 31 December 2018	163
At 31 December 2017	244

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

8 TANGIBLE FIXED ASSETS - Group

	Leasehold buildings - IET £000	Freehold building - Michael Faraday House £000	Mechanical and Electrical Installations £000	Furniture, fittings and equipment £000	Regional Centres (Buildings) £000	Total £000
Cost:						
At 1 January 2018	15,919	6,474	12,539	5,947	2,044	42,923
Additions	-	-	-	288	-	288
Transfers	(2)	-	(1)	3	-	-
Disposals	-	-	-	(1)	-	(1)
At 31 December 2018	15,917	6,474	12,538	6,237	2,044	43,210
Accumulated Depreciation:						
At 1 January 2018	1,213	3,137	1,498	3,211	229	9,288
Depreciation for the year	315	109	836	832	57	2,149
Disposals	-	-	-	(1)	-	(1)
At 31 December 2018	1,528	3,246	2,334	4,042	286	11,436
Net book value:						
At 31 December 2018	14,389	3,228	10,204	2,195	1,758	31,774
At 31 December 2017	14,706	3,337	11,041	2,736	1,815	33,635

8a TANGIBLE FIXED ASSETS - IET

	Leasehold buildings - IET £000	Freehold building - Michael Faraday House £000	Mechanical and Electrical Installations £000	Furniture, fittings and equipment £000	Regional Centres (Buildings) £000	Total £000
Cost:						
At 1 January 2018	15,919	6,474	12,539	5,890	2,044	42,866
Additions	-	-	-	288	-	288
Transfers	(2)	-	(1)	3	-	-
At 31 December 2018	15,917	6,474	12,538	6,181	2,044	43,154
Accumulated Depreciation:						
At 1 January 2018	1,213	3,137	1,498	3,161	229	9,238
Depreciation for the year	315	109	836	830	57	2,147
At 31 December 2018	1,528	3,246	2,334	3,991	286	11,385
Net book value:						
At 31 December 2018	14,389	3,228	10,204	2,190	1,758	31,769
At 31 December 2017	14,706	3,337	11,041	2,729	1,815	33,628

Regional Centres comprise both freehold property, with a net book value of £899,000 at 31 December 2018 (31 December 2017: £931,000) and long leasehold property, with a net book value of £859,000 at 31 December 2018 (31 December 2017: £884,000).

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

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

9 INVESTMENTS - Group

	Non-property investments £000	Investment property £000	Total £000
At 1 January 2018	121,795	23,209	145,004
Acquisitions at Cost	3,802	-	3,802
Proceeds from Sale of Investments	(3,640)	-	(3,640)
Increase in Investment Cash	7	-	7
Net Investment (Losses)/Gains	(4,094)	464	(3,630)
Adjustment to carrying value of investment property	-	359	359
Adjustment to carrying value of joint venture	161	-	161
At 31 December 2018	118,031	24,032	142,063
Finance lease relating to investment property (Notes 12 and 13)	-	(2,382)	(2,382)
Total net investments	118,031	21,650	139,681
Historical Cost at 31 December 2018	94,234	7,227	101,461
Unrealised Gains	23,797	14,423	38,220
Realised Gains based on historic cost	1,623	-	1,623

9a INVESTMENTS - IET

	Non-property investments £000	Investment property £000	Investments held at cost £000	Total £000
At 1 January 2018	120,864	23,209	830	144,903
Acquisitions at Cost	3,802	-	-	3,802
Proceeds from Sale of Investments	(3,640)	-	(412)	(4,052)
Increase in Investment Cash	7	-	-	7
Net Investment (Losses)/Gains	(4,094)	464	137	(3,493)
Adjustment to carrying value of investment property	-	359	-	359
At 31 December 2018	116,939	24,032	555	141,529
Finance lease relating to investment property (Notes 12 and 13)	-	(2,382)	-	(2,382)
Total net investments	116,939	21,650	555	139,144
Historical Cost at 31 December 2018	94,132	7,227	555	101,914
Unrealised Gains	22,807	14,423	-	37,230
Realised Gains based on historic cost	1,623	-	-	1,623

The Investment Property for both the Group and the IET (Savoy Hill House) was valued as at 31 December 2018 by RICS Registered Valuers from GVA Grimley Limited. The Valuers are not employees or officers of the IET. The valuation has been undertaken in accordance with the *RICS Valuation – Global Standards 2017* ("the Red Book") and has been valued on the basis of Fair Value. The Investment Property is accounted for as a finance lease. Lease payments are contingent on estimated rental value.

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

On 30 April 2018, IET Services Limited purchased 100% of the equity interest in IET Engineering and Technology Consultancy (Beijing) Company Limited from the Institution of Engineering and Technology. The purchase price was RMB 3,534,350 (£412,000) representing the fair value of net assets acquired.

9b Floating Charge

The IET Superannuation & Assurance Scheme (the Scheme) closed to future accrual on 31 March 2012. As part of the arrangement to close to future accrual the IET created a Security Agreement in favour of the Trustees of the Scheme. As continuing security for the obligations and liabilities of the IET to make payments to the Scheme under the terms of the Security Agreement the IET charged, by way of a first floating charge, a proportion of its investments held with the Investment Manager. At 31 December 2018, the value of the assets subject to the floating charge was £39.2m (31 December 2017: £40.5m). At 31 December 2018 the value of the floating charge itself was £10m (31 December 2017: £10m).

9c Analysis of Investments

	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
Investment property	24,032	23,209	24,032	23,209
Investments in subsidiary undertakings	-	-	555	830
Investments in joint ventures	1,092	931	-	-
Listed investments:				
- Equities	55,760	61,948	55,760	61,948
- Bonds	31,427	29,292	31,427	29,292
- Mixed Fund	29,650	29,529	29,650	29,529
Fixed asset investments	141,961	144,909	141,424	144,808
Short term cash investments	102	95	102	95
Total investments	142,063	145,004	141,526	144,903

	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
UK	66,430	66,148	65,638	65,517
Non-UK	75,633	78,856	75,888	79,386
	142,063	145,004	141,526	144,903

Investments are primarily held to provide investment return to the Charity. The Trustees reviewed the investments in subsidiary undertakings and joint ventures as at 31 December 2018 and considered that no change in their carrying value was required.

10 STOCKS

	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
Publications and work in progress	348	285	348	244

11 DEBTORS

	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
Trade debtors	4,157	2,581	2,763	1,633
Other debtors	401	412	265	274
Accrued income	5,462	4,601	5,329	4,499
Payments in advance	2,093	1,751	1,733	1,596
Amounts due from subsidiaries	-	-	2,467	3,269
	12,113	9,345	12,557	11,271

Included within 'Amounts due from subsidiaries' of the charity is a loan of £300,000 (2017: £300,000) from IET to IET Services Limited. The loan has no specified repayment date and carries interest at 1% above the UK bank base rate. The loan is secured by way of a fixed charge debenture over the assets of IET Services Limited.

12 CREDITORS: Amounts falling due within one year

	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
Accruals for grants payable	802	635	802	635
Trade creditors	1,531	1,899	1,379	1,355
Obligations under finance leases	97	97	97	97
Taxation and NI costs	760	759	609	594
Other creditors	685	822	671	807
Accruals	5,164	4,939	4,158	4,273
Amounts received in advance	10,868	9,787	10,142	9,284
Amounts due to subsidiaries	-	-	347	305
	19,907	18,938	18,205	17,350

'Amounts received in advance' represent income from subscriptions relating to future periods. Substantially all of the receipts in advance as at 31 December 2017 were released to the Statement of Financial Activities in the year ended 31 December 2018. Accruals include termination payments of £153,573 (2017: £65,512).

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

	Group and Charity 2018 £000	2017 £000
Funds held as at 1 January	540	534
Funds received in year	2,269	2,211
Funds transferred to owning entity	(2,428)	(2,205)
Funds held at 31 December	381	540

13 CREDITORS: Amounts falling due after more than one year

	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
Accruals for grants payable	1,550	1,494	1,550	1,332
Obligations under finance leases:				
- later than one year and not later than five years	350	387	350	387
- later than five years	1,935	1,625	1,935	1,625
Other creditors	7	11	7	11
	3,842	3,517	3,842	3,355

The lease that the IET has with its landlord for Savoy Hill House is currently under rent review. Such reviews formally occur every five years.

14 COMMITMENTS

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

	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
Land and buildings, expiry date:				
- within one year	25	95	25	2
- between two and five years	1,110	774	543	774
- after five years	18,641	18,695	18,641	18,695
	19,776	19,564	19,209	19,471
Vehicles and equipment, expiry date:				
- within one year	8	7	8	7
- between two and five years	31	39	21	27
	39	46	29	34

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

Land and buildings with leases that expire after five years comprises solely of a long lease for Savoy Place which expires in 2121. The present value of the minimum lease payments for this lease are estimated at 31 December 2018 to be £2,097,000 (31 December 2017: £2,147,000).

15 TRUSTEES AND RELATED PARTY TRANSACTIONS

During the year, travelling and subsistence expenses totalling £66,292 were incurred by 17 Trustees on behalf of the IET (2017: £50,444 by 16 Trustees). None of the Trustees, or persons connected with them, received remuneration for any service to the IET this year or last year.

Dr Peter Bonfield (Trustee) was Chief Executive of the BRE Group (BRE) during the period to April 2018. Professor Jeremy Watson (Trustee during the period to 30 September 2018) is BRE's Chief Scientist and Engineer. The IET has cooperated with the BRE Group on a range of activities, such as the solar photovoltaic standard and the organisation of events. During the year, IET Services Limited had income of £1,930 plus VAT (2017: £5,540 plus VAT) and IET had amounts receivable of £324 (2017: £7,402 plus VAT) from the BRE Group in respect of room hire, equipment hire and catering. There was an outstanding amount due of £144 at 31 December 2018 (2017: £nil).

Dr Peter Bonfield (Trustee) was appointed as Vice-Chancellor at the University of Westminster during 2018. The IET received £2,550 in January 2018 from the University of Westminster relating to amounts owing at 31 December 2017. £650 plus VAT was received in respect of fees for academic accreditation and £1,770 was received in respect of membership fees. There were no other transactions between these entities during the year.

In 2017, Dawn Bonfield (wife of Dr Peter Bonfield, Trustee) was awarded a grant from the Engineering Education Grant Scheme (EEGS) of £2,975 for her organisation, 'Towards Vision', for a project called "Engineering Roadshow: Meet the Parents". EEGS is a combined scheme run by the IET on behalf of the IET and the Institution of Mechanical Engineers. The grant payment was made in 2018.

Mr Nick Winsor (Trustee) is Chairman of The Energy Systems Catapult (ESC). IET Services Limited received £19,026 plus VAT from ESC during 2018 in respect of room hire, equipment hire and catering (2017: £173,198 plus VAT in respect of the Future Power System Architecture "FPSA" project). The FPSA project assesses the challenges to be faced in the electricity system by 2030 in order to identify the new functionality required. The project is a collaboration between the IET and ESC, undertaken with the support of the Department for Business, Energy and Industrial Strategy).

Dr Simon Harrison (Trustee) is Group Strategic Development Manager of Mott MacDonald. IET had amounts receivable from Mott MacDonald in 2018 of £2,320 plus VAT for management fees (2017: £26,105 plus VAT for subscriptions, management fees, accreditation, event attendance, room hire, equipment hire and catering). There were no outstanding amounts due at 31 December 2018 (2017: £13,400 plus VAT).

The IET made gross payments during the year of £568 (2017: £nil), for services rendered under a temporary employment contract, to the daughter of Mr. Edward Almond who is Director of Finance and Planning at the IET.

The Institution of Engineering and Technology Benevolent Fund (known as "IET Connect") provide benevolent services to IET members and staff. Professor W J Stewart (Trustee during the period to 30 September 2017) was a trustee of IET Connect during the period to 30 September 2017. Mrs. J. K. Bryant (Trustee from the period 1 October 2017) was a trustee of IET Connect during the period from 1 October 2017. The IET had amounts receivable from IET Connect in 2018 of £384,757 (2017: £330,062) principally relating to salary cost recharges, £1,285 (2017: £1,550) relating to IET group memberships and £240 relating to equipment hire (2017: £416 relating to equipment hire and catering). Amounts receivable of £28,961 were outstanding at 31 December 2018 (2017: £31,173). The IET had amounts payable to IET Connect in 2018 of £372,260 (2017: £382,926) relating to donations collected on behalf of IET Connect and £1,335 (2017: £6,511) relating to room hire and catering. There were no outstanding amounts payable at 31 December 2018 (2017: £428).

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

Entity	Relationship	Ownership	Income	Expenditure	Debtor/	Income	Expenditure	Debtor/
			2017	2017	(creditor)	2018	2018	(creditor)
			£000	£000	at 31 Dec 2017	£000	£000	at 31 Dec 2018
IET Services Limited	Subsidiary	100%	7,500	(3,679)	2,295	7,033	(4,444)	1,513
IEE Conventions Limited	Subsidiary	100%	2,595	-	792	2,837	-	955
IET USA, Inc.	Subsidiary	100%	354	(815)	(206)	300	(812)	(192)
IET (India)	Subsidiary	100%	-	(170)	10	-	(197)	(8)
IET Services (India)	Subsidiary	100%	94	(496)	(99)	85	(502)	(73)
IET Holdings	Subsidiary	100%	-	(73)	-	-	(1)	-
IET (Beijing)	Subsidiary	100%	-	(811)	172	-	(794)	(73)
IET (Canada)	Subsidiary	100%	-	(28)	-	-	(21)	-
Institution of Engineering and Technology, USA	Subsidiary	100%	-	(23)	-	-	(8)	-
IBC Partnership	Associate	34%	-	(9)	-	-	-	-
IBC Limited	Associate	34%	-	-	-	-	-	-

The IET is the immediate parent and ultimate controlling party for the subsidiary entities listed above and these financial statements are publicly available.

IET Services Limited had amounts payable to IET (Beijing) during the year of £368,000 (2017: £nil) in respect of business support services provided. An amount payable of £143,000 was outstanding at 31 December 2018 (2017: £nil).

IEE Conventions Ltd has a debtor with its joint venture, IBC Partnership, at 31 December 2018 of £988,000 (31 December 2017: £830,000) relating to annual profits not yet distributed. Income in the year from IBC Partnership was £2,848,000 (2017: £2,611,000). There were no expenditure transactions with Group entities.

The intercompany balance with IET Services Limited includes an amount due to the IET in the current and prior year of £300,000. This amount represents the loan related to a Publishing Agreement that can be terminated by either party by giving not less than six months' notice. The loan carries interest at 1 per cent above UK Bank Base Rate per annum.

The loan is secured by way of a fixed charge debenture. Except for this loan balance, all other intercompany balances between Group entities are unsecured and repayable under standard credit terms for consideration in cash.

IET Services Limited has four employees (2017: four) who were members of IET's defined benefit pension scheme, 'The IET Superannuation and Assurance Scheme' (IET SAAS) from 1 October 2017 until its closure to future accrual on 31 March 2012. The directors of IET Services Limited consider that there is insufficient information to account for the Scheme as a Defined Benefit Scheme in its own accounts, in particular as separate contribution rates were not identified for the participating employers of the scheme. As such the Scheme is accounted for on a Defined Contribution basis in the accounts of IET Services Limited. The FRS102 deficit of IET SAAS at 31 December 2018 as calculated by the Scheme Actuary is £4,633,000 (2017: surplus of £39,000), full details of which are set out in Note 17. A recovery plan has been agreed between the principal employer, The IET, and the Scheme Trustees in respect of the deficit calculated based on the position at 31 March 2017, the date of the most recent triennial actuarial valuation. IET Services Limited's contribution into this Scheme for the year to 31 December 2018 was nil (2017: nil).

16 RESERVES

General Funds

The General Funds of the charity represent those unrestricted funds of the charity which have not been designated for a particular purpose by the Trustees. An appropriate level of reserves is required by the IET to manage contingencies and risk and thereby protect the continuity of its activities. The general funds are managed over the long term by reference to the key risks identified for the IET; currently including business continuity, investment volatility and pension liabilities. This target-based approach is described in the Reserves Policy on pages 29 and 30.

Designated Funds

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

The Invested Building Redemption Reserve has been set up to provide the future funds required to rebuild or replace Michael Faraday House and Regional Centres and to provide a sum of money to refurbish Savoy Place at an appropriate interval during the lifetime of the lease.

The Development and New Initiatives Reserve has been established to fund those projects which have been approved to be undertaken and is also to underwrite new revenue-generating activities to supplement the income from existing activities during the

period 2019-2021 as set out in the IET's Corporate Plan.

The results of the FRS 102 valuation in respect of the IET's defined benefit pension schemes are disclosed in more detail in Note 17. The net pension scheme assets/(liabilities) are disclosed under **The Pension Scheme Funding Reserve**.

Accumulated Funds are in connection with the IET's subsidiary companies and represent amounts retained by those companies.

Restricted Funds

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

Trust Funds are managed alongside the IET's unrestricted investment portfolio and are shown at fair value at 31 December 2018.

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

research fields each year, covering them all over a three-year cycle.

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

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

The largest of the other linked charities is the Lord Hirst Fund which provides financial support to engineers in financial need, with funds at 31 December 2018 of £450,000 (31 December 2017: £495,000). The full list of linked charities is provided in note 16a.

In addition, the Janet Firmin Memorial Fund had funds of £605,000 as at 31 December 2018 (31 December 2017: £612,000). The Fund is not a linked charity.

Transfers between Funds

Transfers between Unrestricted Funds represent rebalancing of the Designated Funds against the General Reserve based on agreed year-end values.

16a LINKED CHARITIES

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

Permanent endowments - Other Trust Funds

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

Expendable endowments – IET Benefactors Trust Fund:

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

Expendable endowments - Other Trust Funds

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

16b Reserves and Restricted Funds

Group – Year ended 31 December 2018

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

16b Reserves and Restricted Funds (continued)

Group – Year ended 31 December 2017

	Balance at 1 January 2017 £000	Net Income/ (Expenditure) £000	Pension Scheme Actuarial Gain £000	Transfers £000	Balance at 31 December 2017 £000
Total General Funds	92,645	13,824	-	(14,186)	92,283
Designated Funds					
Fixed Assets Reserve	35,748	(2,185)	-	72	33,635
Invested Building Redemption Reserve	11,282	-	-	9,551	20,833
Development and New Initiatives Reserve	10,500	(2,873)	-	3,173	10,800
IEECL Accumulated Fund	116	-	-	-	116
IETSL Accumulated Fund	94	-	-	-	94
IET India Accumulated Fund	90	5	-	-	95
IET Services (India) Accumulated Fund	253	38	-	-	291
IET Holdings Accumulated Fund	34	(33)	-	-	1
IET USA, Inc. Accumulated Fund	270	57	-	-	327
IET (Beijing) Accumulated Fund	346	(158)	-	-	188
Total Designated Funds	58,733	(5,149)	-	12,796	66,380
Total Unrestricted Funds Before Pension (Liability)/Asset	151,378	8,675	-	(1,390)	158,663
Pension Scheme Funding Reserve	(8,452)	(251)	7,509	1,390	196
Total Unrestricted Funds After Pension (Liability)/Asset	142,926	8,424	7,509	-	158,859
Permanent Endowment Funds					
Other Trust Funds	1,064	735	-	72	1,871
Expendable Endowment Funds					
Institution of Electrical Engineers Benefactors Trust Fund	5,843	472	-	(23)	6,292
Dr A F Harvey Fund	5,262	331	-	-	5,593
Other Trust Funds	448	47	-	(50)	445
Total Expendable Endowment	11,553	850	-	(73)	12,330
Total Endowment Funds	12,617	1,585	-	(1)	14,201
Restricted Income Funds					
Impact Engineering Funds	125	323	-	1	449
Other Trust Funds	340	37	-	-	377
Total Restricted Income Funds	465	360	-	1	826
Restricted Funds	13,082	1,945	-	-	15,027
Total Funds	156,008	10,369	7,509	-	173,886

16b Reserves and Restricted Funds (continued)

Charity – Year ended 31 December 2018

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

16b Reserves and Restricted Funds (continued)

Charity – Year ended 31 December 2017

	Balance at 1 January 2017 £000	Net Income/ (Expenditure) £000	Pension Scheme Actuarial Gain £000	Transfers £000	Balance at 31 December 2017 £000
Total General Funds	93,308	13,611	-	(14,186)	92,733
Designated Funds					
Fixed Assets Reserve	35,737	(2,181)	-	72	33,628
Invested Building Redemption Reserve	11,282	-	-	9,551	20,833
Development and New Initiatives Reserve	10,500	(2,873)	-	3,173	10,800
Total Designated Funds	57,519	(5,054)	-	12,796	65,261
Total Unrestricted Funds Before Pension (Liability)/Asset	150,827	8,557	-	(1,390)	157,994
Pension Scheme Funding Reserve	(8,452)	(251)	7,509	1,390	196
Total Unrestricted Funds After Pension (Liability)/Asset	142,375	8,306	7,509	-	158,190
Permanent Endowment Funds					
Other Trust Funds	1,064	735	-	72	1,871
Expendable Endowment Funds					
Institution of Electrical Engineers Benefactors Trust Fund	5,843	472	-	(23)	6,292
Dr A F Harvey Fund	5,262	331	-	-	5,593
Other Trust Funds	448	47	-	(50)	445
Total Expendable Endowment	11,553	850	-	(73)	12,330
Total Endowment Funds	12,617	1,585	-	(1)	14,201
Restricted Income Funds					
Impact Engineering Funds	125	323	-	1	449
Other Trust Funds	340	37	-	-	377
Total Restricted Income Funds	465	360	-	1	826
Restricted Funds	13,082	1,945	-	-	15,027
Total Funds	155,457	10,251	7,509	-	173,217

16c Analysis of Group Net Assets Between Funds

31 December 2018

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

31 December 2017

	Unrestricted funds 2017 £000	Restricted and endowment funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	33,635	-	33,635
Fixed asset investments	129,543	15,366	144,909
Current assets	15,926	1,675	17,601
Current liabilities	(18,253)	(685)	(18,938)
Long term creditors	(2,188)	(1,329)	(3,517)
Pension scheme asset	196	-	196
	158,859	15,027	173,886

16d Analysis of IET Net Assets Between Funds

31 December 2018

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

16d Analysis of IET Net Assets Between Funds (continued)

31 December 2017

	Unrestricted funds 2017 £000	Restricted and endowment funds 2017 £000	Total funds 2017 £000
Intangible fixed assets	244	-	244
Tangible fixed assets	33,628	-	33,628
Fixed asset investments	129,442	15,366	144,808
Current assets	13,371	1,675	15,046
Current liabilities	(16,665)	(685)	(17,350)
Long term creditors	(2,026)	(1,329)	(3,355)
Pension scheme asset	196	-	196
	158,190	15,027	173,217

17 PENSION SCHEMES

17a Defined Benefit Schemes

The IET operates two contributory defined benefit pension schemes, The IET Superannuation & Assurance Scheme and The Institution of Incorporated Engineers Pension and Life Assurance Scheme, both of which are closed to new entrants. The IET Superannuation & Assurance Scheme is closed to future accrual. The schemes are subject to triennial valuations by independent actuaries using the projected units method.

For the purposes of these financial statements actuaries carried out FRS 102 valuations for both schemes as at 31 December 2017.

The IET Superannuation & Assurance Scheme (IET SAS)

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

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

The IET expects to contribute £1,188,000 to the Scheme in the year ending 31 December 2019.

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

At the date of the merger of the IEE with the IIE, the IET became the principal employer of the defined benefit Scheme that had been operated by the IIE.

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

The IET expects to contribute £38,000 to the Scheme in the year ending 31 December 2019.

Assumptions

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

	IET SAS 2018 % pa	IET SAS 2017 % pa	IIE PLAS 2018 % pa	IIE PLAS 2017 % pa
Price inflation (RPI)	3.45	3.40	3.45	3.40
Price inflation (CPI)	2.45	2.40	2.45	2.40
Pension in payment increases, pre April 1997	2.10	2.10	3.30	3.40
Pension in payment increases, post April 1997	3.30	3.30	5.00	5.00
Rate of deferred pension increases	2.45	2.40	3.45	3.40
Salary increases	n/a	n/a	4.50	4.40
Discount rate	2.80	2.50	2.80	2.50

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

	IET SAS 2018	IET SAS 2017	IIE PLAS 2018	IIE PLAS 2017
Member age 60 – male (current life expectancy)	28.3	28.2	28.1	28.0
Member age 60 – female (current life expectancy)	30.2	30.1	30.0	29.9
Member age 40 – male (future pensioner)	29.8	29.7	29.6	29.6
Member age 40 – female (future pensioner)	31.7	31.6	31.6	31.5

Analysis of the amounts charged/(credited) to Statement of Financial Activities

	IET SAS 2018 £000	IIE PLAS 2018 £000	Total 2018 £000	Total 2017 £000
Current service cost	-	33	33	32
Past service cost	283	-	283	
Administration costs	-	5	5	8
Net interest (credit)/charge on net defined benefit liability	(15)	(4)	(19)	211
Net amount charged/(credited) to Statement of Financial Activities	268	34	302	251

	IET SAS 2018 £000	IIE PLAS 2018 £000	Total 2018 £000	Total 2017 £000
Actual return on assets excluding amounts included in net interest	(13,921)	16	(13,905)	2,301
Actuarial gains/(losses) arising on scheme liabilities	8,329	637	8,966	5,208
Effects of changes in the amount of surplus that is not recoverable	-	(676)	(676)	-
Actuarial gains/(losses) charged to the Statement of Financial Activities	(5,592)	(23)	(5,615)	7,509

Analysis of the amounts recognised in the Balance Sheet

Changes to fair value of scheme assets	IET SAS 2018 £000	IIE PLAS 2018 £000	Total 2018 £000	Total 2017 £000
Opening fair value of scheme assets	156,401	3,045	159,446	156,228
Interest income	3,864	72	3,936	4,174
Contributions by plan participants	-	2	2	2
Contributions by employer	1,188	37	1,225	1,390
Benefits paid	(4,655)	(353)	(5,008)	(4,649)
Return on Scheme assets excluding interest income	(13,921)	16	(13,905)	2,301
Closing fair value of scheme assets	142,877	2,819	145,696	159,446

Changes to present value of benefit obligations	IET SAS 2018 £000	IIE PLAS 2018 £000	Total 2018 £000	Total 2017 £000
Opening present value of benefit obligations	156,362	2,888	159,250	164,680
Current service cost	-	33	33	32
Past service cost	283	-	283	-
Interest costs	3,849	68	3,917	4,385
Contributions by plan participants	-	2	2	2
Benefits paid	(4,655)	(353)	(5,008)	(4,649)
Expenses	-	5	5	8
Actuarial (gains)	(8,329)	(637)	(8,966)	(5,208)
Closing present value of benefit obligations	147,510	2,006	149,516	159,250

	IET SAS 2018 £000	IIE PLAS 2018 £000	Total 2018 £000	Total 2017 £000
Fair value of scheme assets	142,877	2,819	145,696	159,446
Present value of benefit obligations	(147,510)	(2,006)	(149,516)	(159,250)
Amount of surplus not considered recoverable	-	(676)	(676)	-
Net (deficit)/surplus	(4,633)	137	(4,496)	196

Fund assets

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

	2018 £000	2018 %	2017 £000	2017 %
IET SAS				
UK Equities	396	0.3	9,898	6.3
Overseas Equities	12,213	8.6	9,640	6.2
Debt Securities - Government	42,321	29.6	85,301	54.5
Diversified Growth Funds	13,599	9.5	19,515	12.5
Insurance contracts	73,878	51.7	31,716	20.3
Cash and cash equivalents	470	0.3	331	0.2
	142,877	100.0	156,401	100.0
IIE PLAS				
Aviva DAF Fund	2,819	100.0	3,045	100.0

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

Sensitivity analysis

The calculation of the IET SAS defined benefit obligation is sensitive to the assumptions set out above. The table set out below shows the impact on the value of the benefit obligation as at 31 December 2018 of a change in assumptions:

	Actuarial value of liabilities at 31 December 2018 £000
Base Case	147,510
-0.5% decrease in discount rate	160,636
1 year increase in member life expectation	153,411
+0.5% change in inflation	156,471

17b Defined Contribution Schemes

Both the IET and employees make contributions towards the IET's defined contribution stakeholder pension arrangement. At 31 December 2018, 567 Group employees were members of the scheme (2017: 537). The total employer contributions paid to this scheme during the year amounted to £1,980,000 (2017: £1,721,000).

The pension charge for the year to 31 December 2018 for all schemes was £2,282,000 (2017: £1,975,000).

18 CAPITAL COMMITMENTS

The Group and the Charity had capital commitments of £15,599 at 31 December 2018 (31 December 2017: Group and Charity £56,095).

Legal & Administrative Information

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

Principal Office

Savoy Place, London WC2R 0BL, UK

Trustees

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

Miss Y Akinola (appointed 1 October 2018)
Dr C Arthur (appointed 1 October 2018)
Dr I Belger (appointed 1 October 2018)
Mr A R Bevington
Dr P W Bonfield
Ms J K Bryant
Mr M D Carr
Mr J Dunn (appointed 1 October 2018)
Professor D A George
Dr S C A Harrison
Mrs V M Hodge
Miss S E Hubbard
Professor J A Noble
Ms A Randall
Mr N P Winser
Air Marshal J A Young

Other Trustees who served during the period of the report:

Professor R A Cryan (retired 30 September 2018)
Eur Ing T T Hlaing (retired 30 September 2018)
Eur Ing G N Hobbs (resigned 20 March 2018)
Professor J D M Watson (retired 30 September 2018)

Executive Team

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

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Custodian

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