

**REPORT AND ACCOUNTS: FOR THE YEAR TO 31 MARCH 2019**

**THE QUEEN ELIZABETH PRIZE FOR ENGINEERING FOUNDATION**

**REPORT AND ACCOUNTS  
1 April 2018 TO 31 March 2019**

**Charity Number: 1147743  
Company Number: 8077332**

## REPORT AND ACCOUNTS: FOR THE YEAR TO 31 MARCH 2019

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## REPORT AND ACCOUNTS: FOR THE YEAR TO 31 MARCH 2019

### 1. REPORT OF THE TRUSTEES

#### 1.1 REFERENCE AND ADMINISTRATIVE DETAILS FOR THE CHARITY, ITS TRUSTEES AND ADVISORS

The Queen Elizabeth Prize for Engineering Foundation ('QEPrize Foundation') is a charitable company, registered as a charity with the Charity Commission with charity number: 1147743 and registered as a company with Companies House as company number 8077332.

The principal office of the QEPrize Foundation is 3 Carlton House Terrace, London SW1Y 5DG.

**Chair of Trustees:** Lord Browne of Madingley

**Trustees:** Mala Gaonkar, Dame Ann Dowling, Sir Paul Nurse

The professional advisers to the QEPrize Foundation are as follows:

**Legal advisers:** Macfarlanes LLP of 20 Cursitor Street, London EC4A 1LT

**Bankers:** National Westminster Bank Plc, PO Box 113, Cavell House, 2a Charing Cross Road, London WC2H 0NN

**Auditor:** BDO LLP, 55 Baker Street, London W1U 7EU

**Investment Advisers:** Investec Wealth & Investment Limited, 2 Gresham Street, London EC2V 7QN

Keshini Navaratnam, Director, QEPrize, of the Royal Academy of Engineering, 3 Carlton House Terrace, London SW1Y 5DG has been given authority to carry out day-to-day administrative functions on behalf of the Charity.

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### 1.2. STRUCTURE, GOVERNANCE AND MANAGEMENT

The QEPrize Foundation is governed by the Articles of Association for a private company limited by guarantee. These were agreed by trustees on 21 May 2012 and amended by trustees on 4 March 2013. The sole member of the charitable company is the Royal Academy of Engineering.

The board of trustees of the charitable company consists of one Ex-Officio trustee who is holder of the office of the President of the Royal Academy of Engineering, and at least two (and no more than six) nominated trustees, who are appointed by ordinary resolution or by a decision of the trustees. All material decisions in relation to the QEPrize Foundation are taken by the trustees.

Funding, in the form of donations, for the QEPrize Foundation has been received from the following engineering companies: BAE Systems plc, BG Group, BP plc, GlaxoSmithKline, Hitachi, Ltd., Jaguar Land Rover, National Grid, Nissan Motor Company, Shell UK Ltd, Siemens UK, Sony Corporation, Tata Consultancy Services, Tata Steel Europe and Toshiba.

The current donor companies have, together, pledged donations of £27 million, of which £600,000 is scheduled for payment in three equal instalments over the next three years. The QEPrize funds are managed by the trustees of the QEPrize Foundation.

The day-to-day administrative work of the charity is delegated by the trustees to the Director of the QEPrize, based at the Royal Academy of Engineering, 3 Carlton House Terrace, London SW1Y 5DG. The Director supports the trustees in delivering the objectives of the charitable company with an administrative team based at the Royal Academy of Engineering.

The QEPrize administrative team during the year of this report is shown below.

#### ***QEPrize team at 31 March 2019***

Title	Name	Appointed	Current post from
Director	Keshini Navaratnam	Jan-15	Jan-15
Head of Operations	Jonathan Narbett	Dec-14	Dec-14
Programmes Manager	Cuong Dang	Oct-14	Oct-14
Digital Communications Officer	Imogen Ruddock	Jul-15	May-18
Communications Officer	Ryan Gibson	May-18	May-18
Ambassador Network Coordinator	Katie Draper	Jan-18	Oct-19

#### ***Members of the QEPrize team who left during the year to 31 March 2019***

Title	Name	Appointed	Resigned
Programmes Assistant	Leona Smyth	Jun-17	May-18



### 1.3 OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

#### 1.3.1 Objectives

The objects of the QEPrize Foundation are, for the benefit of the public:

- To advance and promote engineering in the UK and around the world, including by promoting research in the field of engineering and the dissemination and application of the results of such research for the benefit of the public and by encouraging young people (and in particular young people in the United Kingdom) to aspire to a career in engineering; and
- to advance the education of the public in the subject of engineering by establishing, awarding and promoting a high-profile and internationally-recognised prize for engineering known as 'The Queen Elizabeth Prize for Engineering' and to be awarded to an individual or group of individuals responsible for a ground-breaking advance in engineering which has created significant international public benefit.

In determining the objectives of the QEPrize Foundation and in planning its activities, the trustees have given due consideration to the Charity Commission's guidance on public benefit. The following statement from the Royal Academy of Engineering sets out the public context for the QEPrize.

In determining the objectives of the QEPrize Foundation and in planning its activities, the trustees have given due consideration to the Charity Commission's guidance on public benefit. The following statement from the Royal Academy of Engineering sets out the public context for the QEPrize.

The objectives of the QEPrize Foundation are to:

1. establish the QEPrize as the pre-eminent global prize for engineering innovation.
2. use the QEPrize to create a societal change in which engineering is widely recognised and valued.
3. use the QEPrize to change perceptions of engineering so that it is an aspirational career for all young people.

To deliver these objectives the QEPrize Foundation employs the following strategies:

1. to grow the investment fund to a level which allows for the operation and awarding of the QEPrize to be sustained in perpetuity
2. to raise the profile of the QEPrize specifically and, by extension, engineering generally, through increased media coverage of QEPrize activities

#### 1.3.2 Activities

The QEPrize Foundation uses the QEPrize process (including the appointment of judges, the award of the prize and the search for nominations) to raise the public profile of engineering and to engage young people and their influencers so that more young people choose engineering as a career.

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The QEPrize Foundation aims to influence and engage four target audiences, as below:

Audience	Our vision – what we want to achieve
Global Engineering Community	<ul style="list-style-type: none"> <li>Awareness of and respect for the QEPrize</li> </ul>
Global informed public	
UK informed public	<ul style="list-style-type: none"> <li>Awareness of and respect for the QEPrize</li> <li>Engineers' contribution to humanity is recognised</li> <li>Engineering is valued and respected</li> </ul>
UK young people (10 to 24) (two elements: 10 - 16, 16+)	
	<ul style="list-style-type: none"> <li>Engineering is an aspirational career for all young people</li> <li>More young people from all backgrounds become engineers</li> </ul>

The QEPrize Foundation uses the QEPrize to realize the vision for each audience as shown below, working through digital, social and traditional media and through the networks and profiles of the individuals involved in the QEPrize process.

Global engineering community	Informed public: global	Informed public: UK	UK young people
<b>Peer-to-peer promotion &amp; support for the QEPrize led by judges, winners, donor companies, the RAEng, young engineers &amp; other stakeholders.</b>	Working in partnership with QEPrize winners, judges, donors, young engineers, the RAEng & other stakeholders to raise the profile of the QEPrize via media and other channels. Rallying call for governments across the world to support and invest in engineering	Working in partnership with QEPrize winners, judges, donors, young engineers, the RAEng & other stakeholders to inform about the QEPrize, engineering & engineers via media and other channels – reaching outside the traditional engineering sphere	Influence the influencers of young people (the informed public) to promote interest in STEM generally & engineering specifically
<b>Objective</b>			
<b>Establish the QEPrize as the pre-eminent global prize for engineering</b>	Establish the QEPrize as the pre-eminent global prize for engineering	Raise the profile of the QEPrize, of engineering & of engineers	Inspire young people to consider a career in engineering

The achievements and performance of the QEPrize Foundation in the year from 1 April 2018 to 31 March 2019 are described in the next section.

## 1.4 STRATEGIC REPORT

### 1.4.1 Objectives & Achievements to 31 March 2019

***In order to achieve the key objectives set out above the following activities were undertaken during 2018 – 2019:***

#### ***The Announcement of the Winners of the 2019 Queen Elizabeth Prize for Engineering***

On 12 February the winners of the 2019 Queen Elizabeth Prize for Engineering were announced at a ceremony at Prince Philip House, London. Dr Bradford Parkinson, Professor James Spilker, Jr, Hugo Fruehauf, and Richard Schwartz were honoured for their work in creating the first truly global, satellite-based positioning system – GPS.

The global positioning system represents a pioneering innovation which, for the first time, enabled free, immediate access to accurate position and timing information around the world. Today, an estimated four billion people around the world use GPS, and its applications range from navigation and disaster relief through to climate monitoring systems, banking systems, and the foundation of tomorrow's transport, agriculture, and industry.

All four winners were present at the announcement, which was made by Lord Browne of Madingley, Chairman of the Queen Elizabeth Prize for Engineering Foundation, in the presence of HRH The Princess Royal. Also present were various Ambassadors and High Commissioners, business leaders from QEPrize donor companies, members of the QEPrize ambassador network, school pupils and other key stakeholders.

#### ***Media Coverage***

The QEPrize once again secured exceptional international media coverage during the period, further increasing global exposure compared to the previous prize cycle. News of the announcement reached a global audience of 2.4 billion people, more than were reached during the entire 2017 prize cycle (2.05 billion) and more than doubling the reach of 1.25 billion achieved during the 2015 cycle. The media coverage continues to strengthen the QEPrize's reputation as the world's leading engineering prize and significant coverage was again secured in the UK and the United States, as well as South America and India.

#### ***QEPrize Winner Activity***

All four winners were present for the announcement and engaged with a variety of media outlets to discuss their work, their success and the importance of the QEPrize in celebrating the global importance of engineering.

Further engagement activities will be undertaken with all 2019 winners, both via media and in person, throughout the 2019 prize cycle.



***Create the Trophy Competition***

The announcement event also saw the identity of the winner of the 2019 Create the Trophy competition revealed.

The competition, open to those aged between 14 and 24 around the world, seeks innovative trophy designs to be presented to the winners of the QEPrize. The winning design was created by 16-year-old Jack Jiang from Hong Kong. Jack's intricate design impressed the judges with its complexity and balance, combining traditional trophy shapes with elements of modern wind turbines. His design will be 3D printed and presented to each of the four 2019 winners later in the year.

The 2019 competition saw record engagement from over 50 countries worldwide, and a breadth of unique and innovative designs. The ten finalists were then selected for review by an expert panel of judges – designers and engineers led by Ian Blatchford, Director and Chief Executive of the Science Museum Group. Joining him on the panel were Roma Agrawal, a structural engineer at Aecom; Rebeca Ramos, a designer at Heatherwick Studio; and Zoe Laughlin, co-founder and Director of the Institute of Making.

Winner Jiang is currently in year 11 studying Chemistry, Physics, Biology, English, Maths, and Art. He is interested in architectural engineering and believes that engineers are key to solving the world's future challenges. "There are countless environmental problems around the world, and right now they are only getting worse. However, I know that it will be engineers that provide solutions to them," he said.

***QEPrize Ambassadors Network***

The QEPrize Ambassadors Network of young, early career engineers continued to grow and attract new members from the UK and overseas. Further work was undertaken with QEPrize donor companies to embed the network in internal staff development and reward programmes.

Network members attended various QEPrize events throughout the year, contributed a wide range of material for use on the QEPrize website and through social media channels and undertook a wide variety of public engagement activities.

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### *Engaging target audiences*

The table below summarises the QEPrize activity and impact with target audiences:

<i><b>Audience</b></i>	<i><b>Objective</b></i>	<i><b>Activity and impact</b></i>
Global Engineering community and informed public	Establish the QEPrize as the pre-eminent global prize for engineering	<ul style="list-style-type: none"> <li>• Global media coverage of the QEPrize announcement reached 2.4 billion people</li> <li>• Interviews and articles across the international BBC network and across international media outlets</li> <li>• Judges, Winners and Search Group members, global leaders in engineering, are engaged and supportive</li> <li>•</li> </ul>
Informed public, UK	Raise the profile of the QEPrize and of engineering	Media coverage of the 2019 QEPrize winner announcement and of the Create the Trophy competition
UK young people	Inspire young people to consider a career in engineering	<ul style="list-style-type: none"> <li>• Continued increase in social media following and engagement with QEPrize website</li> <li>• Record engagement with the Create the Trophy competition</li> <li>• School attendance at 2019 winner announcement</li> <li>• Members of the Engineering Ambassadors Network spoke at a variety of schools and at public engagement events to promote the QEPrize and engineering</li> </ul>

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### 1.4.2 Financial Review

The total income for the year was £894,959 (2017/18 £835,736), of which £200,000 (2017/18 £200,000) was donations. Cost of generating funds was £187,463. Expenditure on charitable activities was £1,818,924 of which £1 million was QEPrize awarded in February 2019.

Carrying value of net assets was £24,802,215. The value of QEPrize investment portfolio increased by £844,560 with net investment gains being £1,170,719. Investments were valued at £24,657,009 (2018: £23,812,449).

The overall investment objectives are to create both income and capital growth such that the real capital value of the portfolio is maintained over the long-term thus allowing the prize to be awarded in perpetuity. The portfolio is managed on a total return basis with a medium risk profile. The QEPrize ensures that portfolio performance is measured against a customised benchmark. The investments are maintained with the long-term investment time horizon of over 10 years.

The QEPrize does not invest in organisations which conflict with charity's purpose. The trustees do not wish to invest in companies or funds that derive their income from the sale or manufacture of tobacco products. No initial investment to exceed 10% of the value of the fund. Bonds held will "BBB" or better classification.

### 1.4.3 Plans for future years

The objectives for the next QEPrize cycle are as follows:

- To continue to **raise the profile of the QEPrize** successfully throughout the world and to firmly establish the prize as the equivalent of a Nobel Prize for engineers and engineering. The QEPrize team is working with its existing donor companies, the Science and Innovation Network (SIN) of the British Embassies and members of the judging and search group panels and representatives of international governments to continue the work carried out during the previous prize cycle (measured via media reach figures)
- To **secure additional funding** to ensure the future of the prize in perpetuity. QEPrize trustees are in discussion with key corporates to secure additional funding and strategies are in place to achieve this.
- To mark the **presentation of the QEPrize Trophy to the winners of the 2019 QEPrize** with a programme of events designed to engage not only existing stakeholders but also a wider audience (measured via attendance monitoring and satisfaction surveys)
- To continue to use the QEPrize to **raise the public profile of engineering** in the UK and to inspire a generation of young people to consider engineering as a career (measured via media reach figures)

The QEPrize team will work on external events promoting both the prize and engineering in general at home and internationally.

Work will continue on developing the QEPrize digital profile: growing the QEPrize presence on Facebook, YouTube and Twitter.

### Appendices:

Appendix I: QEPrize Judges 2018/19

Appendix II: QEPrize Search Group 2018/19



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### 1.4.4 Reserves

Total QEPrize funds at 31 March 2019 increased by £59.3k to £24.8m, due to increased investment income. QEPrize investments are held in a managed investment fund to provide long term real growth, cash and liquidity.

The QEPrize should maintain a minimum level of free reserves of £20m. The free reserves should not exceed a maximum level of £40m. The QEPrize holds free reserves so that it can fund the QEPrize in perpetuity.

Total free reserves as at 31 March 2019 were £24.8m of which £24.7m held as investment. The difference between total free reserves and investments was £0.1m. Cash at bank and short-term deposits totaled £0.5m. The trustees have established operating reserves policy to maintain a target level of reserves at £1.5m representing as contingency operating costs for approximately eighteen months.

### 1.4.5 Principal Risks and uncertainties

The three principal risks to the charity, along with the main mitigations and contingencies, are listed below.

- **The QEPrize fund is not sufficient to sustain the prize in perpetuity.** The trustees have established an investment strategy to maximise returns from the donations, and a business plan to secure additional donations
- **The QEPrize has a low or poor profile with the global engineering community, compromising the credibility of the QEPrize and then therefore its effectiveness as communications tool.** The global engineering community have been actively engaged in the QEPrize from the beginning in judging, in the global search for nominations. The global networks of the Royal Academy of Engineering and their stakeholders are informed, engaged and supportive of the QEPrize.
- **Public awareness of the QEPrize in the UK is low or poor, compromising its effectiveness as a communications tool.** A global PR agency – Edelman – works closely with the QEPrize team to advise and direct activities to ensure maximum PR benefit is secured from the prize process wherever possible. The media reach and communications impact of the QEPrize are tracked and monitored by audience.

### Risk Management

The trustees maintain a register of all major risks to which the charitable company is exposed and a list of the systems and procedures in place to manage or mitigate those risks. These are recorded in the form of a risk register. The executive team meets quarterly with trustees to review activity, agree priorities and manage risks. The trustees confirm that the major risk to which the charitable company is exposed is not being self-sustainable for future charitable activities.

### Charity Governance Code

The Board of Trustees adopted the Charity Governance Code for smaller charities.

### 1.4.6 Remuneration policy

The QEPrize policy is to pay staff salaries at the market mid-point. Salaries are reviewed in alternate years following a market benchmarking exercise conducted by independent consultancy. The next review will be effective from 1 April 2019.

In setting appropriate levels of senior management pay, the QEPrize considered the skills, experience and competencies required for each role, and the remuneration level for those roles in sectors where suitable candidates would be found.



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### 1.4.7 Auditor

BDO LLP was appointed auditor during the year.

#### Disclosure of information to auditor

In the case of each of the persons who are Trustees of the charitable company at the date when this report was approved:

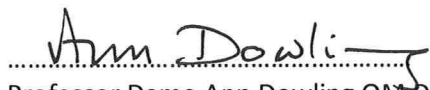
- so far as each of the Trustees is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- each of the Trustees has taken all the steps that he/she ought to have taken as a Trustee to make himself/herself aware of any relevant audit information (as defined) and to establish that the charity's auditor is aware of that information.

Approved by the Trustees on 20 June 2019 and signed on their behalf by:



Lord Browne of Madingley, Chairman

Trustees



Professor Dame Ann Dowling OM DBE FREng FRS

## REPORT AND ACCOUNTS: FOR THE YEAR TO 31 MARCH 2019

### 2. STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including its income and expenditure, of the charitable company for the year. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the charity's transactions and 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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charity 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 corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

**3. INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE QUEEN ELIZABETH PRIZE FOR ENGINEERING FOUNDATION****Opinion**

We have audited the financial statements of The Queen Elizabeth Prize for Engineering Foundation ("the Charitable Company") for the year ended 31 March 2019 which comprise the statement of financial activities, incorporating the Income and Expenditure Accounts, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2019 and of its 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 Companies Act 2006.

**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 Charitable Company 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 Charitable Company'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.

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### Other information

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

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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### Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 Charitable Company'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 Charitable Company 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 the Companies Act 2006 and report in accordance with the Act 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 Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

 16/09/2019

Jill Halford, Senior Statutory Auditor  
For and on behalf of BDO LLP, statutory auditor  
London

Date:

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

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### 4. STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)

	Notes	1 April 18 To 31 March 2019 £	1 April 17 To 31 March 2018 £
<b>Incoming from</b>			
Donations	3	200,000	200,000
Investments	4	694,959	635,736
<b>Total</b>		<b>894,959</b>	<b>835,736</b>
<b>Expenditure on</b>			
Raising Funds	5	187,463	176,786
Charitable Activities	6	1,818,924	784,487
<b>Total</b>		<b>2,006,386</b>	<b>961,273</b>
		<b>(1,111,427)</b>	<b>(125,537)</b>
<b>Net Investment Gains/(Losses)</b>			
Realised (Losses)/Gains on Investments	11	(41,338)	1,657
Unrealised Gains on Investments	11	1,212,057	81,280
<b>Realised and Unrealised Gains/(Losses) on investments</b>		<b>1,170,719</b>	<b>82,937</b>
<b>Net income and net movement in funds for the year</b>	10	<b>59,292</b>	<b>(42,600)</b>
<b>Reconciliation of funds</b>			
Total Funds Brought Forward		24,742,924	24,785,524
<b>Total Funds Carried Forward</b>	8	<b>24,802,216</b>	<b>24,742,924</b>

The above fund is unrestricted. There were no other recognised gains and losses other than those stated above. All the above income and expenditure is derived from continuing activities.


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### 5. BALANCE SHEET AT 31 MARCH 2019

Company number: 8077332


	<u>Notes</u>	At 31 March 2019	At 31 March 2018
		£	£
<b>INVESTMENTS</b>	11	24,657,009	23,812,449
<b>CURRENT ASSETS</b>			
Debtors	12	35,262	36,934
Cash at bank		228,234	514,561
Short term deposits		285,905	516,002
<b>Total current assets</b>		549,400	1,067,497
<b>CURRENT LIABILITIES</b>			
Creditors	13	404,194	137,022
<b>NET CURRENT ASSETS</b>		145,207	930,475
<b>TOTAL NET ASSETS</b>		24,802,215	24,742,924
The funds of the foundation:			
Surplus /(Loss) for the period		59,292	(42,600)
Unrestricted funds	8	24,742,924	24,785,524
<b>Total Charity Funds</b>		24,802,216	24,742,924

Approved by the Trustees and authorised for issue on 20 June 2019 and signed on their behalf:



.....  
Lord Browne of Madingley, Chairman

Trustees



.....  
Professor Dame Ann Dowling OM DBE FREng FRS



## REPORT AND ACCOUNTS: FOR THE YEAR TO 31 MARCH 2019

### 6. STATEMENTS OF CASH FLOWS

Year Ended 31 MARCH 2019

	2019 £	2018 £
<b>Cash flows from operating activities:</b>		
<b>Net cash used in operating activities</b>	(1,537,543)	(1,207,535)
<b>Cash flows from investing activities:</b>		
Dividends and interest from investments	694,959	635,736
Proceeds from sale of investments	2,910,372	2,176,269
Purchase of investments	(2,584,213)	(2,640,309)
<b>Net Cash Inflow from Operating Activities</b>	<b>(516,425)</b>	<b>(1,035,839)</b>
 <i>Change in cash in the reporting period</i>		
Cash at the beginning of the reporting period	1,030,565	2,066,405
<b><i>Cash at the end of the reporting period</i></b>	<b>514,140</b>	<b>1,030,565</b>
 <b>Reconciliation of net income/(expenditure) to net cash flow from operating activities</b>		
	£	£
Net income/(expenditure) for the reporting period (as per statement of financial activities)	59,292	(42,600)
<b>Adjustments for:</b>		
Realised and Unrealised Gains on investments	(1,170,719)	(82,937)
Dividends and interest from investments	(694,959)	(635,736)
decrease/(Increase) in debtors	1,672	(663)
Increase/(decrease) in creditors	267,172	(445,599)
<b>Net cash provided by (used in) operating activities</b>	<b>(1,537,543)</b>	<b>(1,207,535)</b>
 <b>Analysis of cash</b>	£	£
Cash in hand	228,234	514,561
Notice deposits (less than three months)	285,905	516,002
<b>Total cash</b>	<b>514,140</b>	<b>1,030,565</b>

**7. NOTES TO THE ACCOUNTS****FOR THE YEAR TO 31 MARCH 2019****1 ACCOUNTING POLICIES****Basis of Accounting**

The financial statements have been prepared 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) and the Companies Act 2006.

**Incoming Resources**

- Income received by way of donations is included in full in the statement of financial activities when receivable.
- Dividend income and interest receivable is included in the statement of financial activities on an accruals basis.
- Donated services are recognised when the benefit to the charitable company is reasonably quantifiable. The value placed on these resources is the estimated value to the charitable company of the service received.

**Expenditure**

Expenditure is recognised on an accruals basis. The cost of the QEPrize is recognised in the financial year in which it has been awarded.

**Support Costs**

Support costs are those functions that assist the work of the charity and mainly comprise of staff costs and overheads. These costs have been allocated between costs of raising funds and expenditure on charitable activities.

**Investments**

The portfolio is stated at bid-market value at the balance sheet date. Any unrealised and realised gain or loss on revaluation is taken to the Statement of Financial Activities.

**Financial Instruments**

The Foundation 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.

## REPORT AND ACCOUNTS: FOR THE YEAR TO 31 MARCH 2019

### Cash at Bank

Cash at bank includes cash and short term highly liquid investments. Cash not required for working capital purposes is transferred to the investment portfolio.

### Estimates and Judgements

In preparing these financial statements, the Trustees have not made any significant judgements or estimates.

## 2 SERVICE CHARGE

The Royal Academy of Engineering levied a service charge of £177,036 (2017/18 £165,585) on The Queen Elizabeth Prize for Engineering Foundation for the year ended 31 March 2019 in respect of the administration costs incurred on behalf of the Foundation.

## 3 VOLUNTARY INCOME

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
Donations received	200,000	200,000
	<u>200,000</u>	<u>200,000</u>

## 4 INVESTMENT INCOME

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
Investment income receivable	694,252	635,509
Interest receivable	707	227
	<u>694,959</u>	<u>635,736</u>

## 5 RAISING FUNDS

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
Support costs	60,958	58,693
Investment costs	107,085	103,107
	<u>168,044</u>	<u>161,801</u>

Included in support costs are £39,029 (2017/18 £38,724) of staff costs.

## REPORT AND ACCOUNTS: FOR THE YEAR TO 31 MARCH 2019

### 6 CHARITABLE ACTIVITIES

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
Prize	1,000,000	0
Prize trophy	2,004	7,775
Award ceremony & events	94,379	77,794
Judging expenses	98,128	42,572
Publicity and Communication	172,623	116,015
Support Costs	447,028	430,417
Research and Evaluation	-	99,048
Website costs	18,990	13,772
Other	1,615	1,968
Governance costs	3,576	10,111
	<u>1,838,343</u>	<u>799,473</u>

Included in support costs are £286,215 (2017/18 £283,976) of staff costs. Support costs are those functions that assist the work of the charity and mainly comprise of staff costs and overheads. These costs have been allocated between costs of raising funds and expenditure on charitable activities based on staff time.

Included in governance costs are fees relating to audit services of £2,950 (2018 - £2,850)

### 7 STAFF COSTS

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
Wages and salaries	269,520	266,497
Social securities	29,644	30,164
Pension costs	26,081	26,039
	<u>325,245</u>	<u>322,700</u>

The emoluments of higher paid staff within the following scales were:

	Number	Number
£60,000-£70,000	1	1
£80,001-£90,000	-	-
£90,001-£100,000	1	1

The Royal Academy of Engineering employed six staff members who were seconded to the QEPrize Foundation in the year. The senior management team comprises of director and head of operations who manage the day to day operations of the charity. Their aggregated remuneration in the year was £162,115 (2017/18 - £159,152).

## REPORT AND ACCOUNTS: FOR THE YEAR TO 31 MARCH 2019

### 8 FOUNDATION FUNDS – UNRESTRICTED

	2019 £	2018 £
	01-Apr-18	01-Apr-17
	To 31 March 2019	To 31 March 2018
Surplus/(Loss) for year to 31 March 2019	59,292	(42,600)
General Fund at 1 April 2019	24,742,924	24,785,524
Balance	<u>24,802,216</u>	<u>24,742,924</u>

### 9 TRUSTEES' EXPENSES

No trustee received any remuneration or reimbursement of any expenses (2018 – nil).

### 10 CORPORATION TAXATION

The Foundation is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objectives.

### 11 NET INCOME FOR THE YEAR

	2019 £	2018 £
	01-Apr-18	01-Apr-17
	To 31 March 2019	To 31 March 2018
Net income for the year are stated after charging audit fee for the year	<u>2,950</u>	<u>2,850</u>

### 12 INVESTMENTS

	2019 General Fund £	2018 General Fund £
Market Value at 1 April	23,812,449	23,265,471
Add Acquisitions at Costs	2,584,213	2,640,309
Less Disposals at Book Value	(2,910,372)	(2,176,269)
Net Realised Gain on Revaluation at 31 March	(41,338)	1,657
Net Unrealised Gain on Revaluation at 31 March	1,212,057	81,280
Market Value at 31 March	<u>24,657,009</u>	<u>23,812,449</u>

All investments consist of securities listed on the London Stock Exchange of which fixed interest bonds amount to approximately £3,157,048. The value of UK bonds is £2,900,151 and overseas bonds amount to £256,897.



## REPORT AND ACCOUNTS: FOR THE YEAR TO 31 MARCH 2019

### 13 DEBTORS

	2019 £	2018 £
Accrued Income	35,074	35,206
Amounts due from parent company	188	1,728
	<u>35,262</u>	<u>36,934</u>

### 14 CREDITORS

	2019 £	2018 £
Creditors	-	6,998
Amounts due to parent company	71,011	57,246
Accruals	333,183	72,779
	<u>404,194</u>	<u>137,022</u>

### 15 ULTIMATE CONTROLLING ENTITY

As its sole member, the trustees of QEPrize Foundation consider The Royal Academy of Engineering to be the ultimate controlling entity. The Academy is a registered charity No. 293074. The registered office is 3 Carlton House Terrace, St. James's, London, SW1Y 5DG, UK.

The Royal Academy of Engineering brings together the most successful and talented engineers from across the profession – its fellows – for a shared purpose: to advance and promote excellence in engineering for the benefit of society.

The QEPrize accounts have been consolidated within Academy's accounts and can be obtained from Academy's website ( <http://www.raeng.org.uk/publications/strategy-and-finance> ).

### 16 RELATED PARTY TRANSACTIONS

The QEPrize has the following transactions with controlling entity:

	Sales £	Salary recharges £	Management charges £	Debtors £	Creditors £
Royal Academy of Engineering	-	325,245	177,036	188	71,011

## REPORT AND ACCOUNTS: FOR THE YEAR TO 31 MARCH 2019

### Appendix I: QEPrize Judging Panel, 2018/19

Name	Job title	
Professor Sir Christopher Snowden FREng FRS	<i>Chair of Judges Vice-Chancellor, University of Southampton</i>	UK
Professor Jim Al-Khalili	<i>Professor of Physics and Professor of Public Engagement in Science, University of Surrey</i>	UK
Professor Mary Boyce	<i>Dean of Engineering, The Fu Foundation School of Engineering and Applied Science, Columbia University</i>	USA
Dr Jean-Lou Chameau	<i>President, King Abdullah University of Science and Technology</i>	Saudi Arabia
Professor Lynn Gladden CBE FREng FRS	<i>Pro-Vice-Chancellor for Research, Shell Professor of Chemical Engineering, University of Cambridge</i>	UK
Professor Carlos Henrique de Brito Cruz	<i>Science Director, Saõ Paulo Research Foundation</i>	Brazil
Professor Dr Dr hc Reinhard Huettl	<i>Past President, German National Academy of Science and Engineering</i>	Germany
Professor Hiroshi Komiyama	<i>President, Engineering Academy Japan</i>	Japan
Professor Jinghai Li	<i>Vice-President, Chinese Academy of Sciences</i>	China
Ilya Marotta	<i>Executive Vice-President for Engineering, Panama Canal Authority</i>	Panama
Dr Raghunath Mashelkar	<i>National Research Professor, Chairman of the National Innovation Foundation and President of Global Research Alliance</i>	India
Dr Dan Mote Jr	<i>President, U.S. National Academy of Engineering; Regents Professor, University of Maryland</i>	USA
Professor Dr Dr hc Viola Vogel	<i>Head of Laboratory of Applied Mechanobiology, ETH Zurich</i>	Switzerland
Paul Westbury CBE FREng	<i>Group Technical Director, Laing O'Rourke</i>	UK
Dr Henry Yang	<i>Professor of Mechanical Engineering and Chancellor, University of California, Santa Barbara</i>	USA



## REPORT AND ACCOUNTS: FOR THE YEAR TO 31 MARCH 2019

### Appendix II: QEPrize Search Group

<i>Name</i>	<i>Job Title</i>	
Professor Stephen Williamson FREng	<i>Chair of search group Emeritus Professor, University of Surrey</i>	UK
Professor Neil Alford FREng	<i>Associate Provost (Academic Planning), Imperial College</i>	UK
Professor Adisa Azapagic FREng	<i>Professor of Sustainable Chemical Engineering and Head of Sustainable Industrial Systems, University of Manchester</i>	UK
Professor John Clarkson FREng	<i>Professor of Engineering Design, University of Cambridge</i>	UK
Professor Roger Falconer FREng	<i>Professor of Water Management, Cardiff University</i>	UK
Dr Martin Grant FREng	<i>Chief Executive Officer - Energy, WS Atkins</i>	UK
Professor Guy Houlsby FREng	<i>Professor of Civil Engineering and former Head of the Department of Engineering Science, University of Oxford.</i>	UK
Professor Joe McGeehan CBE FREng	<i>Emeritus Professor of Communications Engineering, University of Bristol</i>	UK
Professor Philip Nelson FREng	<i>Chief Executive, Engineering and Physical Sciences Research Council; Professor of Acoustics, University of Southampton</i>	UK
Professor Alison Noble OBE FREng	<i>Technikos Professor of Biomedical Engineering and Director of Institute of Biomedical Engineering, University of Oxford</i>	UK
Professor Ric Parker CBE FREng	<i>Former Director of Research and Technology, Rolls- Royce (until April 2016)</i>	UK
Professor Richard Penty FREng	<i>Professor of Photonics, University of Cambridge; Master, Sidney Sussex College</i>	UK
Professor Duc Pham	<i>Chance Professor of Engineering and Director of Research, University of Birmingham</i>	UK