



THE IET TRUSTEES' ANNUAL REPORT AND ACCOUNTS

Year ended: 31 December 2017

Introduction

from the President and Chief Executive and Secretary

Working to engineer a better world

Engineering and technology play a crucial role in our lives every single day. Our mission to inspire, inform and influence the global engineering community to meet the needs of society will also ensure that we have the right number of skilled engineers and technicians in the future to make a positive change to people's lives.

In 2017 we continued to highlight the lack of gender diversity in engineering. Our hugely successful #9PercentIsNotEnough campaign culminated in a dedicated conference for HR professionals and industry leaders. The award-winning social media campaign was our most successful to date and gained support from engineers, MPs and celebrities, demonstrating the reach that we can achieve with our collective voice.

Marking the 40th anniversary of the IET Young Woman Engineer of the Year awards, our 2017 finalists took part in a "Portrait of an Engineer" photoshoot to challenge the gender stereotypes that exist in the industry. The story gained significant national media attention in the UK and we ultimately hope that it inspired other female engineers.

We focused on inspiring the next generation by growing participation in STEM education activities. In 2017, our IET Engineering Open House Day event doubled in size, engaging over 3,000 children and their parents across the UK. Our IET Faraday Programme extended its reach, with events taking place in India for the very first time. In June, we welcomed over 650 children from 35 countries to take part in the *FIRST® LEGO®* League International Open Championship to be held in the UK. The event proved to be a positive and inspiring experience for many of the competitors. We are looking forward to building on these successes through our education programme and events to support the UK's cross-Government Year of Engineering campaign in 2018. Aiming to inspire and capture the imagination of future engineers and technicians, the campaign will demonstrate how creative engineering can be, aligning perfectly with our own mission.

Thanks to the generous donations received from new and existing donors, we trebled the number of IET Engineering Horizons Bursaries to 75, matching the number of Diamond Jubilee Scholarships. We were delighted to welcome back the first intake of Diamond Jubilee Scholarship recipients and their sponsors to IET London: Savoy Place to celebrate their successful graduation. We wish them well for their future careers and will continue to support them as they engineer a better world.

Our IET On Campus communities increased to 98 across the world, with new groups in Myanmar, Argentina, France and Canada. We presented the first ever On Campus Group of the Year award to the IET student community at PSB Academy, one of Singapore's largest education and training institutions.



The group arranged over 80 events and activities in their first year of operation, which is an incredible achievement. Activities included supporting the local Present Around The World competition and teaming up with Local Network volunteers to provide talks and site visits for students and young professionals. Thanks to the support received from our On Campus and Young Professionals communities in different regions, the 2017 Present Around The World competition attracted the most competitors to date. A student from the South Asia Region won the top prize.

Following the previous IET Skills and Demand in Industry report, in 2017 we called for practical work experience for all engineering students to bridge the skills gap. Over 30 MPs pledged their support in promoting engineering careers and work experience opportunities in their constituencies and we held a panel discussion with students and representatives from academia and industry to share experiences and promote opportunities.



2017 saw significant developments in our efforts to support CPD (Continuing Professional Development). IET events contribute to CPD hours and the IET A F Harvey Prize lecture was delivered for the first time in Singapore. We began to promote our brand new e-learning training platform, IET Academy, to B2B customers. Course content is being developed in partnership with leading universities and industry. We made improvements to the search functionality in our Inspec database to make it easier for users to find content. We also partnered with the China Association of International Exchange Personnel to develop a competence-based professional qualification for Chinese engineers. The pilot had the backing of the UK Engineering Council and the Chinese Government and saw 30 engineers successfully achieve professional registration status. This is an exciting opportunity that we hope to expand in 2018.

We welcomed the recommendations of Professor John Uff CBE, QC FREng following an independent review of UK Professional Engineering which we jointly commissioned with the ICE (the Institution of Civil Engineers) and IMechE (the Institution of Mechanical Engineers) in the early part of the year and continue to work towards some positive changes to ensure that we serve the purpose of our members and wider society well into the future.

Politically, the UK is embarking on an unprecedented time of change as it prepares to leave the European Union and we have been working to ensure that engineering and technology are at the forefront of the political agenda during the transition and beyond. We worked with the Royal Academy of Engineering and the other PEIs (Professional Engineering Institutions) to produce the “Engineering An Economy That Works For All” report in response to the UK Government’s Industrial Strategy green paper. The report called for the strategy to embody an ambitious long-term vision that harnesses the UK’s international reputation for engineering excellence.

We have been actively engaging with MPs to ensure the voice of UK engineering is a central part of Government policy and internationally. IET India organised a second Internet of Things Congress, which supports the Indian Government’s vision towards digital leadership status through IoT. The Congress was even bigger than in 2016, attracting a cross-section of the engineering and technology community, from entrepreneurs and start-ups to industry experts and Government officials.

We also worked with our members and volunteers to produce recommendations to policymakers on other key topics including 5G (the next generation of mobile networks), Power Systems Architecture, the unintended consequences of autonomous vehicles and Industry 4.0.

Innovation is essential for future growth and we will continue to champion ground-breaking achievements through IET Awards and strengthen our cross-sector partnerships with industry and the Catapult Centres to promote horizontal innovation and cross-working that will benefit society in future.

2017 has been a busy and successful year for the IET and we would like to thank our members, volunteers and staff who have helped make these achievements possible.

**Mr Nick Winser CBE FREng
BSc CEng FIET,
IET President**

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

Inspire



659,778 IET VIDEO VIEWS ON YouTube™

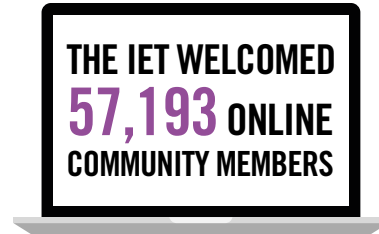


913,851

IET.TV PAGE VIEWS

↑ INCREASED THE NUMBER OF NON-STUDENT AND APPRENTICE MEMBERS BELOW THE AGE OF 40 TO **OVER 38,000**

Inform



THE IET WELCOMED 57,193 ONLINE COMMUNITY MEMBERS

OVER 17M Inspec RECORDS



OVER 6,000 PAPERS PUBLISHED

Influence

169,760 MEMBERS **WORLDWIDE**

📍 IET MEMBERS IN OVER 150 COUNTRIES

OVER 167,000 DELEGATES AT ORGANISED GLOBAL EVENTS 



108,944 VISITORS TO SAVOY PLACE

18,746 MEMBERS USING SAVOY PLACE

2,013 EVENTS HELD AT SAVOY PLACE



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Report of the Trustees

The roots of the IET: The Industrial Revolution

The IET can trace its origins back to 1871, when the full force of the Industrial Revolution began to make its mark on the globe. Victorian London was the heart of a world being transformed by engineering, in which railways pushed across continents and telegraph cables were being laid across oceans.

While the disciplines of civil and mechanical engineering were already established, telegraph engineering and the application of electrical engineering rapidly emerged as a new discipline. From its earliest days, it was recognised that as the network of telegraphy crossed international borders, there was a matching need to develop and share knowledge across the network of engineers delivering this technology.

The future of the IET: The fourth Industrial Revolution

Today, society stands on the brink of the fourth Industrial Revolution, where technologies including artificial intelligence, widespread automation, 3D printing and virtual / augmented reality present not only new exciting opportunities, but also transformational change for technology and society. The unprecedented speed and scale of technological change will disrupt nearly every sector in the global economy, creating new challenges and opportunities for people and businesses.

Engineers and technologists today face many of the same challenges as the pioneers of 1871: maintaining their knowledge as technology advances rapidly and the risks and opportunities of applying those technologies multiply.

The IET stands with these modern pioneers. We inspire society by demonstrating the relevance and endless possibilities of engineering. We inform and bring the engineering community together, ensuring that our knowledge and professionalism continue to increase, and we influence and support the application of engineering and technology solutions for the good of mankind.

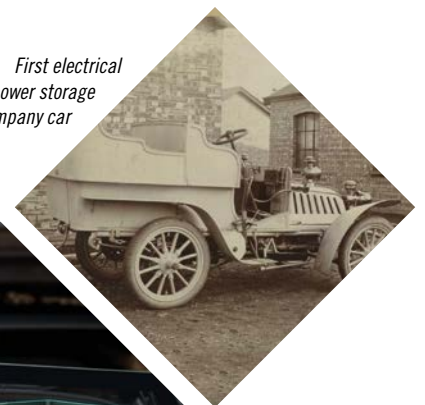
We follow a code of integrity and excellence, with a team of outstanding volunteers and expert staff. We have a wide range of services for researchers and practitioners, new graduates and experienced engineers alike. We have a rich content set, expertise in knowledge management and an international reach. Our collective opinion is trusted by Government and industry. Most importantly, we are a multi-disciplinary and inclusive organisation which sees the benefits of bringing together all those involved in engineering endeavour.

The impact of technology on our world has never been greater. Looking forward, the challenges facing mankind have become increasingly important, and increasingly complex. Curing disease, avoiding environmental collapse and setting foot on distant planets are amongst the challenges facing us today and require the same commitment to innovation that has always driven the engineering and technology community. With the growing scale and complexity of problems however, comes a need for greater collaboration across borders and disciplines as well as ever deeper technical specialism.

To meet future challenges we must continue our work to promote a culture of continuous learning among engineers. The IET will provide the right content, networks and delivery channels to empower innovation and engineer a better world.

In a world of challenges, engineering is the answer.

First electrical power storage company car



Augmented reality technology



Aims and objectives

The Royal Charter and Bye-laws of the IET state that its 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.”

As a registered charity, the Institution enables the engineering and research community to better serve society and this is captured in our Vision statement:

“Working to engineer a better world.”

We therefore support engineers in achieving and maintaining professional standards and competency. We empower individuals and organisations to generate and share knowledge. We encourage innovation to deliver better engineering and technology solutions for everyone. We also engage beyond our community to encourage understanding and adoption of optimum solutions to meet the needs of society.

These principles are explained in our Mission statement:

“To inspire, inform and influence the global engineering community, supporting technology innovation to meet the needs of society.”

The main activities undertaken by the charity 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.

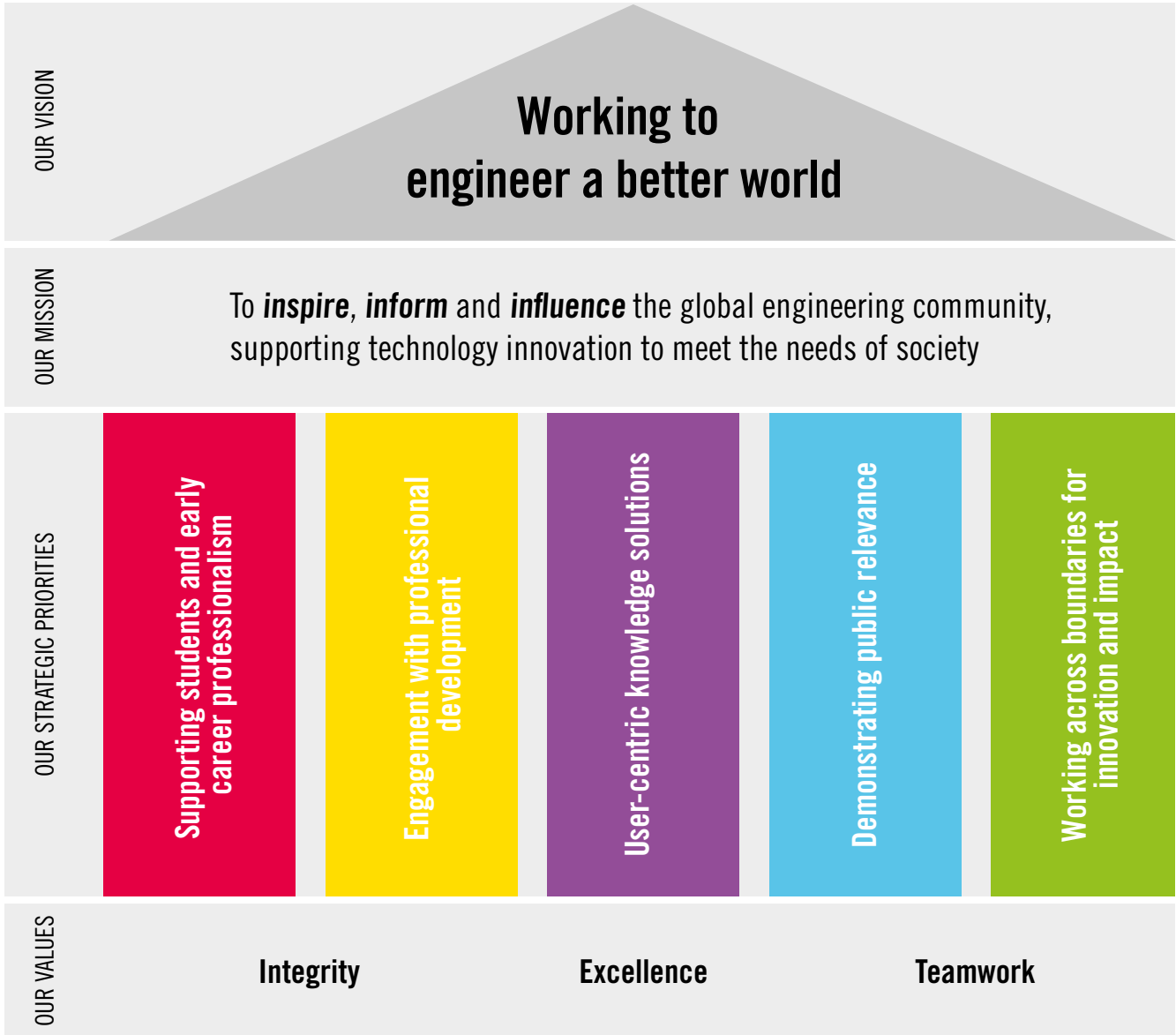
Membership and Professional Development activities which focus on the career-long professional development and professional registration of individuals.

Education, Policy and Awareness activities which seek to engage young people and the wider public with the roles played by science, engineering and technology 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, Volunteer Engagement and Membership & Professional Development. 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.

Delivering the IET's mission and vision

The IET's Strategic Framework identifies the organisation's high-level, strategic priorities within the context of our vision, mission and values and is represented graphically below.



Our success and impact are measured via a number of strategic key performance indicators (KPIs) which are matched against the relevant strategic objectives and enabling values.

The IET recognises the importance of ensuring that the charity, through its volunteers and staff, delivers its objectives in a professional, efficient and effective way, as captured in our key values of integrity, excellence and teamwork.

The IET's strategies, with respect to these priorities, are briefly outlined below, together with the relevant KPI(s).

Strategic priorities

1



Faraday Challenge Day at Heathside School



Pupils from Hammersmith Academy participating in the Faraday Challenge Day National Final at Land Rover BAR



Support the transition of students and young professionals into engineering careers

To encourage a skilled and sizeable pipeline of future engineers, the IET works closely with a range of educational stakeholders to promote engineering as an inspiring career choice. To underpin this intention, we have also developed a number of scholarships to support engineering and technology students throughout their education.

The IET works with both universities and employers to increase visibility of both the profession and the Institution on campus to support a successful transition into employment. We also promote role models and case studies of successful young engineers from diverse backgrounds and ensure younger members are embedded and active within our governance and volunteering activities.

The IET's services, communications and membership models are related to career stage, through our Professional Home for Life[®] programme, to promote engagement in learning and encourage achievement of professional registration in early career. Likewise, we encourage greater professionalism at technician-level through qualifications.

Key Performance Indicators:

- Number of non-student/apprentice members below the age of 40
- Number of newly registered IET members

Engage with professional development to ensure and demonstrate engineering competence

Professionalism is at the heart of the IET and its activities and, as a result, we are committed to providing our members with tools to monitor and support their structured continual professional development.

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

In addition to focusing our activity around a number of engineering and technology sectors, the IET offers a specific suite of solutions and resources to the small and medium enterprise community.

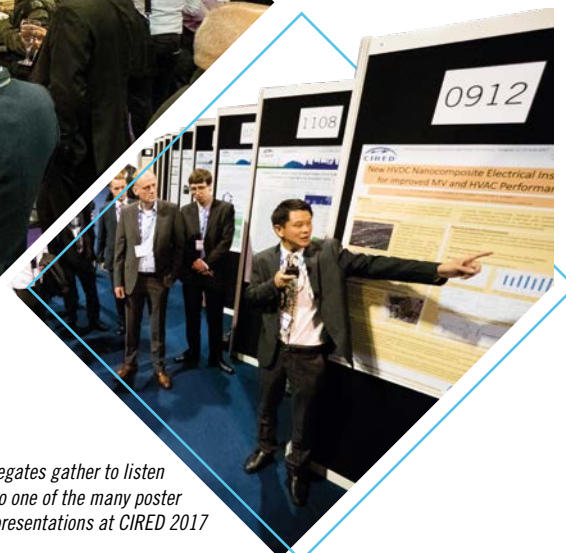
We encourage global networking and the peer-to-peer sharing of information and have developed a number of tools to enable and develop online engineering communities.

Key Performance Indicators:

- The number of physical or virtual attendees at our programme of technical events and lectures
- The average monthly number of unique viewers of our online technical information resource, IET.tv



Delegates in the CIRED 2017 exhibition hall, with over 100 energy companies represented



Delegates gather to listen to one of the many poster presentations at CIRED 2017

3



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

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

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 IET members and the wider engineering and technology community.

We provide authors with multiple publishing channels including a number of Open Access services 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.

Key Performance Indicators:

- The number of peer-reviewed papers that we publish
- The impact of those papers on research via Journal Impact Factors

Radio transmission and sound engineering were two of the topics that visitors explored at Baldock Radio Station as part of the IET's Engineering Open House Day



4



Visitors got to grips with augmented reality apps at the Engineering Open House Day event at IET London: Savoy Place

Key Performance Indicator:

- Quality Coverage – a bespoke, quality-based measure of the impact we have in the media

Demonstrate 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.

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.

The Institution also 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.

It is with this in mind that 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 uses a bespoke, quality-based measure of the impact we have in the media with regards to this objective. The measure places greater weight on press and media coverage which references key campaign themes to encourage a focus on impact.

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

From the proliferation of cyber crime to the challenges presented by climate change, the challenges facing today's engineers and technologists do not confine themselves to geographic or disciplinary borders.

As a cross-disciplinary Institution, the IET believes that shared endeavour 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 support 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.

Key Performance Indicator:

- The average number of unique website visitors per month

5



IET Information & Communication Sector host a round table on critical infrastructure at Critical Infrastructure Protection and Resilience (CIPRE) conference in The Hague with a global audience

Panel discussion held in conjunction with Information & Communication Sector and the Multimedia Communications Network at IBC

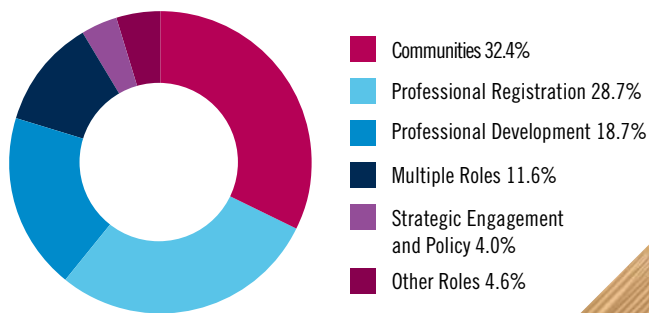
Volunteering

The IET's volunteer network is vital to the success of its initiatives; we are extremely grateful to the thousands of engineers and technicians who provide their experience, knowledge and time to deliver our objectives through inspiring others to pursue a career in engineering, informing through our knowledge-sharing activities and influencing others to recognise the immense contribution of engineering and technology to society.

The dedication of our culturally and geographically diverse IET Volunteer Community resulted in a number of notable achievements during 2017. A selection of these achievements includes the following:

- To provide practical support to the next generation of engineers and technicians, more than **500** mentor/mentee relationships were facilitated globally, by our volunteers
- During the IET's #AskTheEngineer campaign, more than **400** volunteers engaged with members of the public over social media to answer their science and engineering related questions. The campaign itself achieved **6 million** views on Twitter and widespread mainstream media coverage
- More than **1,000** volunteers provided assistance to engineers seeking professional registration via the IET
- Our volunteers planned and hosted over **1,500** events during 2017
- **385** degree courses and **140** professional development schemes are accredited by the Institution, through the work of our volunteers
- Over **250** expert volunteers advanced the IET's work on influencing Government, informing the public and providing guidance on key issues in engineering and technology.

Fig. 1: Percentage of IET volunteers by role area





Diamond Jubilee Scholarships are awarded to the brightest and best students of their generation



IET Board and Council members at IET London: Savoy Place

IET volunteers help out at FIRST® LEGO® League International Open Championship



Group photo on the roof terrace at IET London: Savoy Place of IET Board and Council members



Impact Engineering Fundraising Campaign

In the last few years the IET has invited charitable donations to enable us to achieve more when supporting the engineering community.

Together with our donors, we were able to award 75 IET Engineering Horizons Bursaries in 2017 to apprentices and degree students in need of extra support as they embark on their journey into engineering.

We are grateful to The Engineers' Trust, National Grid, Siemens, The Exilarch's Foundation and Mr and Mrs Graham Tubbs for their continued support for these bursaries.

Following the continued support of companies and charitable trusts, including BT and Thales Group, 75 Diamond Jubilee Scholarships were also awarded in 2017.

Throughout the year, we were also delighted to see the first significant group of over 200 of our existing Diamond Jubilee Scholars graduate from engineering courses and enter the engineering workforce.

Our education 5-19 schools programmes – Faraday Challenge Days and *FIRST® LEGO®* League – were made more widely available in the 2017/18 season thanks to significant funding from new and existing donors, including the Arconic Foundation, Motorola Solutions Foundation and the Jack Petchey Foundation.

In celebration of our Patron Her Majesty The Queen's 90th birthday last year the IET received a gift which was used to provide training for teachers so that they are better

equipped to support children through the demanding preparation for competing in *FIRST® LEGO®* League tournaments. We believe that in this way Her Majesty's donation will ultimately help many thousands of children and open their eyes to the exciting possibilities of a career in engineering.

Support from individual members continues to buoy our activities. We are grateful that individual members like Mr Keith Thrower OBE FIET are taking such an active and generous interest in the future of their profession.

A new scholarship fund has been endowed in the memory of IET staff member Janet Firmin through a legacy bestowed by her father Harold Firmin who regrettably passed away in 2016. Janet worked for the IET for more than 30 years, having first joined the Society of Radio Electrical Technology in 1974. She supported generations of engineers through her work in professional development before her untimely death in 2008. Harold Firmin's thoughtful generosity will enable undergraduate engineering students to receive scholarships in her name.

We also want to thank those members who have chosen to 'Take their place' with a block and plaque in our London Headquarters, Savoy Place. Their donation – often in remembrance of a loved one – helps to underpin our activities.

IET volunteers are of course at the heart of our programmes and we really appreciate their time and advice as part of our schools programme.

The IET would not be able to deliver the depth and range of Impact Engineering activities without the support of all our partners, both new and old.

- Airbus Group Ltd
- The AMW Charitable Trust
- Arconic Foundation
- BAE Systems
- The Belling Charitable Settlement
- Robert Bosch UK Holdings Ltd
- BT
- Caterpillar Inc (via FIRST)
- The Engineers Trust
- The ERA Foundation
- The Exilarch's Foundation
- Nigel and Ruth Fine
- Jack Petchey Foundation
- The Janet Firmin Memorial Fund
- The Kirby Laing Foundation
- Lloyd's Register Foundation
- The MacRobert Trust
- The Manly Trust
- Motorola Solutions Foundation
- National Grid plc
- The Patron's Fund
- Royal Commission for the Exhibition of 1851
- SC Johnson UK
- Siemens
- The TC Charitable Trust
- Thales UK Ltd
- Keith Thrower OBE FIET
- Graham and Kathleen Tubbs
- City of York Council
- Other donors.

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. The 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 & Selection Committee and recipients are required to report on the application of funds and research outcomes to the Committee.

*B6 Berrellium, FIRST®
LEGO® League UK and
Ireland champions 2017*



*A group photo for the Engineering
Horizons Bursary Winners
(second cohort) and Diamond Jubilee
Scholars at the celebration
event in February*



*Emily Ellwood, a 2016
Engineering Horizons
Bursary Winner, doing a
demo for apprentices for PA
Consulting Group*

Achievements and Performance

The IET continued its positive progress against its strategy and objectives in 2017 as described in the following sections. Our lead activities and associated Strategic KPIs in 2017 are included below.

Knowledge Sharing

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.

As part of our commitment to knowledge sharing, the IET uses 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:

- These formats include technical and academically driven events as well as books, magazines and web-based content, including video via IET.tv
- The Institution publishes a number of peer-reviewed research publications, and Inspec, the IET's abstract and indexing database
- The IET co-publishes (with the British Standards Institution) the IET Wiring Regulations (BS7671) and associated peer-reviewed guidance which support safe and effective electrical installation
- 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

Our relevant KPIs are as follows:

Strategic KPI	2017 target	2017 outcome
Event attendees	143,875	167,348
Papers published	7,528	6,985
Average unique website visitors per month	605,000	741,707
Average unique visitors to IET.tv per month	9,500	11,373

What we achieved

International events programme

2017 saw a record number of attendees at IET-organised events with a global delegate count of over 167,000.

We ran more than 1,500 free-to-attend lectures and seminars including:

- Autonomous vehicles: Connectivity and co-operation (UK)
- Smart locks in secure facilities (Canada)
- Gravitation wave detection (UK)
- Safety in critical systems (India)
- A tour of the BMW Group Plant (Germany)
- Smart displays (Japan).

We held a selection of Call-for-Papers events for and with the academic community, including the leading event for the electricity distribution community, CIRED 2017 (Glasgow), the 2017 iteration of the International Conference on Radar Systems (Northern Ireland) and the Loughborough Antennas and Propagation Conference (LAPC 2017). These events generated almost 1,000 academic papers between them and helped almost 2,000 delegates to network and share their latest research.



CIRED 12-15 June 2017, Glasgow

Other conferences included

- RTDN 2017 (Transmission and Distribution Networks, Birmingham)
- Intelligent Signal Processing (London)
- Life, The Universe and Beyond, with ESA Astronaut Tim Peake (London)
- Autonomous Vehicles (Coventry).

It was a busy year for the IET in China with conferences being held on a variety of subjects, including Biomedical Image and Signal Processing, Smart and Sustainable Cities and Vacuum Electronics. More than 4,000 delegates attended an IET event in China during 2017.

We were also pleased to hold the 6th annual Renewable Power Generation conference, which was hosted in partnership with the Huazhong University of Science and Technology in Wuhan, central China. IET President Nick Winser provided the keynote speech for a truly international conference, which provided the ideal forum for the Chinese academic and industrial communities at a time when fast growth in renewable technologies is being matched by growing power demands in the country.

1,450 delegates attended the IET 2017 Turing Lecture series, which was delivered in conjunction with the Chartered Institute for IT. The lecture, Beneficial Artificial Intelligence for the Advancement of Humankind, was delivered by Dr Guru Banavar, Vice President and Chief Science Officer for Cognitive Computing at IBM, at venues in London, Cardiff, Dublin and Belfast, and available via IET.tv and Facebook live streams.

VIP attendees at RPG 2017, which was held in Wuhan, China



Major Tim Peake's inspirational talk on 'Life, The Universe and Beyond' at IET London: Savoy Place in October



IoT India Congress 2017

By transforming the relationship between people, data and their connected devices, the Internet of Things (IoT) has the potential to transform the way we live and work.

This is particularly true in India, where the rapidly growing market is seen as a potential driver for huge economic and cultural change.

Leveraging its position as a multidisciplinary Institution, the IET hosted its second IoT India Congress in Bengaluru during 2017.



Delegates participating in the interactive exhibition

The second edition of the Congress attracted more than **700** delegates from across India and other countries including:

- The UK
- Turkey
- Taiwan
- France
- The United States
- Kenya
- South Africa
- The United Arab Emirates.



A drone ushers the IoT India Congress flag

The IET Trustees' Annual Report and Accounts

The large-scale event featured over 80 speakers in 8 different tracks analysing current and potential IoT-driven growth in Healthcare, Telecommunications, Manufacturing, Smart Living, Digital Payments, Emerging Technologies, and Standards. The event also featured a series of special sessions focused on how IoT technology and data may be able to assist in major civil and social projects, like the cleaning of India's Ganges River.



Smt Aruna Sundararajan, Secretary, Ministry of Electronics & Information Technology, Government of India addresses the audience

Delegates meet Sri Sri Ravi Shankar

In addition to these sessions, the event also provided awards and PR coverage for start-up companies and leaders in the IoT field. To further support development, the IET was pleased to introduce a 'Dragon's Den' style opportunity for start-up organisations to pitch their ideas to established leaders and Angel Investors – some £160,000 was made available to participants following the session.

Speaking at the event, India's Telecom Secretary and Chair of the National Telecom Commission, Aruna Sundararajan, said "One of the reasons that IoT is particularly exciting for India is due to job creation. It is estimated that about 10-15 million jobs will be created through IoT".

The third IoT India Congress will be held in 2018 and keynote presentations and other sessions from the 2017 IoT Congress are available to watch on IET.tv and YouTube.

IET journals

We did not meet our target for published papers during 2017. In order to strike the right balance between the quality and quantity of the papers we publish, acceptance criteria for IET published papers were tightened in 2017 to ensure a high standard of papers within our journals and from our events. This had a negative impact on the Call-For-Papers content published during the year.

Nevertheless, almost 7,000 new peer-reviewed technical papers written by both IET members and non-members were published within IET event proceedings and IET journals, alongside more than 40 books, covering topics in engineering including machine learning, IoT, renewable energy, driverless cars, artificial intelligence application and radar.

The IET website and IET.tv

The IET exceeded its targets for both unique website visitors (which is calculated as an average per month) and unique, monthly visitors to the Institution's on-demand video service, IET.tv. While we felt that the targets were ambitious and took into account planned development work, IET staff teams worked hand in hand with our members to provide insightful content which proved engaging enough to lead to this over-performance.

IET.tv functionality

Finding the precise content you want within a single 30-minute video can be a painstaking process with a reliance on keywords providing only half a solution for researchers, who will still have to view the whole video to access the content they need.

As part of our commitment to providing content to users in their preferred format, IET.tv has introduced new functionality providing users with not only the ability to search the transcript of the video but also to skip directly to that exact point of the footage.

Users can then save specific clips and playlists and even share their favourite or most important clips with others, further unlocking the value of the IET's extensive video content.

In addition, our video transcripts improve accessibility to IET.tv which is an important step towards providing equal access to content.



IET.tv launches pioneering video search functionality, allowing users to jump to specific content within videos

Our plans for 2018

The IET will run a selection of high quality Call-for-Paper conferences aimed at the academic community, including:

- DPSP (Power System Protection, Northern Ireland)
- EuCAP 2018 (Antennas and Propagation, UK)
- ICRE 2018 (Railway Engineering, UK)
- RPG 2018 (Renewable Power Generation, Denmark)
- Assisted Living (venue TBA)
- Electric vehicles (UK).

In addition, a courses portfolio will be delivered to support the global engineering community to develop in industries including:

- Cyber security
- Railway signalling control systems
- High voltage engineering and testing
- Electrical safety management.

Wiring Regs 18th Edition

2018 will see the release of the 18th Edition of the IET Wiring Regulations. The document is likely to launch in June and, alongside the printed documents, the IET will provide a wealth of additional support mechanisms via its website, live events catalogue and video content, as part of our commitment to user-centric learning formats.

The IET will continue its ongoing work to further enhance its Inspec Database and deliver new value-added services utilising Machine Aided Indexing and semantic enrichment.

The IET is also fully committed to Open Access, which is available across our entire Journal portfolio.

BS 7671:2018 (IET Wiring Regulations 18th Edition) publishes in 2018



IET Academy

Setting a new standard in engineering e-learning

With the strong emphasis on improving technical skills and the need for life-long learning becoming a top priority for engineers and their employers, we are delighted to have launched the IET Academy – an e-learning solution that will meet the learning requirements of engineers throughout their careers.

We have worked with an exceptional group of academic and industry partners to develop a range of expert, online courses covering an exciting range of technical subject areas and professional skills. The courses are tailored specifically for engineers, appealing to apprentices right up to experienced engineers.

Through the Academy's industry-leading mobile-optimised platform, our members will have continual access to flexible online learning when, where and how they want.

For business the IET Academy opens up exciting new training opportunities and can support scalable training and development of the most diverse workforce. With more engineering employers than ever struggling to recruit suitably qualified engineers the IET Academy will play an important role in developing and retaining their talent pool of qualified engineers.

Our growing portfolio of courses covers key topics in power systems engineering, mobile communications, connected autonomous vehicles, cyber security, risk and safety, building information modelling, engineering management, entrepreneurship, engineering ethics and 18th Edition IET Wiring Regulations.

“This course is really well structured and professionally presented by experts in their field, much credit to their efforts. The course leads the learner from the basic principles all the way through to the system architecture of commercial mobile networks.”

S SIDAT CENG, MIET, MBA, BSC(HONS), EE/BT – COMPLETED MOBILE COMMUNICATIONS COURSE

Our content partners:



Membership and Professional Development

Membership of the IET provides not only a framework but also 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
- The development of vital 'soft' 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.

What we said we would do

Strategic KPI	2017 target	2017 outcome
Number of non-student and apprentice members below the age of 40	38,000	38,270
Number of new registered members	2,400	1,772

What we achieved

We were able to meet our target of non-student and apprentice members below the age of 40, which will no doubt have a positive impact on the number of newly registered members in the future.

We were unable to meet our goal of professionally registering 2,400 IET members in 2017, following a reduction in the expected number of applications from engineers ready for registration. To address this in future years we have created a robust and transparent pipeline along with a refocus on marketing activity and leads management.

Total Membership: 169,760

Students: 33,544

Members in China: 4,754

Members in India: 12,523

The annual Churchill Medal Awards held at IET London: Savoy Place



Professionalism and career development

Engineering Technicians, ICT Technicians, Incorporated Engineers and Chartered Engineers make a commitment to maintaining their competence through CPD, and recording that development.

Alongside this, all UK-based Professional Engineering Institutions undertake annual reviews of registrants' CPD records and provide feedback in order to assist and encourage a culture of continuous learning and development. In addition to providing these reviews, we provide the engineering community with the tools to make the process of recording and maintaining their CPD records as constructive and easy as possible.

The IET's online support tool for CPD management, Career Manager, provides a secure and intuitive platform for users to not only track and log their CPD but also apply for professional registration and call on expert advice from IET volunteers.

The service continues to see high levels of traffic and expanded usage by the engineering community. In 2017, new users of the service climbed to an average of approximately 1,000 per month with a cadre of regular users exceeding 13,000 at the end of the year.

Growing support for SMEs

The IET's Enterprise Partner scheme, which began in 2016, now has a network of just under 40 organisations; a figure which goes beyond the initial targets set for the scheme.

The scheme was launched in response to member feedback and offers dedicated support for small and medium-sized organisations. Member organisations have access to a number of benefits, including enhanced communication opportunities, a toolkit of useful tools and resources tailored to small businesses and discounts on courses aimed at staff development, including contract law, tendering and bidding, and technical writing. A full list of IET Enterprise Partners is available on the IET website, alongside information for those looking to join our community for SMEs.

The 2017 IET Achievement Awards

We held our regular Achievement Awards ceremony to recognise and celebrate individual excellence in the various fields of engineering and technology in London during November.

The IET's most prestigious awards, the Faraday and Mountbatten Medals, were presented to:

- Dr Bjarne Stroustrup, inventor and pioneer of the C++ programming language
- Professor Shuji Nakamura, Nobel Laureate in Physics.

The IET Volunteer Medal was awarded to Mr Xenophon Christodoulou for his work with the IET London Network.

The winners of the Apprentice and Armed Forces Technician of the Year Awards were revealed at the ceremony.

- Magdalena Dyga of Rolls-Royce Plc was the winner of the IET Apprentice of the Year award
- Warrant Officer Class 2 Ram Kumar Rai was chosen from an exemplary shortlist to win the IET Armed Forces Technician of the Year award
- John Wheal from NATS, the winner of the IET Technician of the Year, was presented with his trophy.

Included in the second part of the ceremony were the IET Postgraduate Scholarships and Undergraduate Grants, which recognise and reward excellence within the engineering and technology fields.

Career Manager – the IET's online skills development and recording tool



Over 200 delegates gather at the 2017 Achievement Awards



Professional registration in China

As part of our ongoing collaboration with the Chinese State Administration for Foreign Experts Affairs, the IET has been invited to help develop a professional registration standard for engineers in China.

Having signed a Memorandum of Understanding with the China Association of International Exchange of Personnel, the IET will work closely with the organisation to develop a competence-based professional qualification for Chinese engineers. The qualification will work to the same standard as UK-SPEC, meaning it will gain international recognition.

As per the agreement, the IET will assume the role of trainer and quality assurer. Both organisations are working closely together on a pilot project to evaluate the feasibility and demand for this type of registration. The IET will also use the pilot to evaluate whether existing IET processes can be undertaken in Mandarin, whilst maintaining the necessary standards, audits and quality measures that will be required for a full roll-out of a professional registration programme in China.

The approach is supported by the Engineering Council, as well as the Chinese Government, which is keen to create a highly skilled workforce, operating at international standards.

2016 A F Harvey Prize winner Dr Arseniy Kuznetsov delivered his lecture on prize-winning research in nanophotonics

A F Harvey Prize

The IET's A F 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.

The first A F Harvey Prize lecture to be held outside the UK was hosted in Singapore by the local Young Professional Section at Eden Hall, the British High Commissioner's Residence during August. The winner of the 2016 A F Harvey Prize, Dr Arseniy Kuznetsov, delivered a lecture outlining his prize-winning research in nanophotonics.

Professor Rui L Reis has been chosen as the 2017 recipient of the IET A F Harvey Engineering Research 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 Reis will present a lecture during 2018 to talk about his research and how the prize funding will be used to further his work.



Present Around The World

The IET's Present Around The World (PATW) is a well-established competition designed to encourage young engineers and technicians to develop their presentation skills in a fun and friendly environment.

Following heats in the Americas, Asia Pacific, Europe, Middle East and Africa (EMEA), South Asia and the United Kingdom, five finalists presented to an audience and a panel of judges as part of the 2017 IET Achievement Awards.

Shubham Saraff from the South Asia Region was voted the winner of the competition, following his engaging and fascinating presentation on bioinformatics entitled Neurons That Shaped Us. Zara Shafique from the EMEA Region was the runner up, with an exciting presentation entitled Discovering Quasars. Congratulations to all our competitors and we look forward to the 2018 competition.



2017 Present Around The World competition finalists

Our plans for 2018

The IET will embark on a major piece of work in 2018 to redevelop its website. The aim of the redevelopment is to make navigation of the information available much easier for both members and guests. The website will feature a new look and feel alongside full mobile responsive technology, enabling members and non-members to access our full suite of resources, regardless of where they are, or their device of choice or circumstance.

We will also introduce tools to transform and modernise the way we interact with our volunteers, by providing, amongst other things:

- The tools to enable our volunteers to run their own virtual meetings
- Enhanced data storage options
- Secure content collaboration and co-authoring tools.

We will also improve access by users to our grant schemes; that work will include more online application options.

2018 will also see us continue to grow our successful partnership schemes, attracting more enterprise and corporate partners and ensuring that the IET membership community continue to receive the tailored support and tools they need to engineer a better world.

Education, Policy and Awareness

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.

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'; high scores are 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.

What we said we would do

Strategic KPI	2017 target	2017 outcome
Quality Coverage	7,964	7,108

What we achieved

The IET was unable to fully meet its Quality Coverage score of 7,964, with a global score of 7,108 achieved. In the United Kingdom, the news was dominated by domestic and international politics, following a snap election in the UK and the ongoing Brexit negotiations diverting attention away from engineering and technology issues.

Despite not hitting this ambitious target, the IET launched a number of initiatives and award-winning campaigns and expanded our work in education to encompass more young engineers across a wider spread of countries and age groups. During 2018, we will also look to include our social media impact within our Quality Coverage score.

The IET Faraday Programme

The IET's Faraday Programme provides teachers and schools with all of the resources they will need to engage their students and encourage the learning and uptake of science, design and technology. We want to make lessons even more interesting by demonstrating that classroom-based activities have real life applications by utilising innovative examples of the latest engineering and technology projects from around the world.

As part of the programme, we run an annual engineering-based competition for schools: the IET Faraday Challenge. The 2017 IET Faraday season was themed around and delivered in collaboration with Land Rover Ben Ainslie Racing's official charity, The 1851 Trust. The competition concluded with the UK National Final taking place in Portsmouth on 12 July 2017. A team from Hammersmith Academy in London was crowned National Champion. The team presented the 'Sky Sail' which is a maritime device that utilises the compass integrated into the BBC's micro:bit to measure the angle of the wind and automatically trim a boat's sail based on that information.

IET Faraday Primary

During the year, we undertook an external evaluation of the Faraday Programme with teachers from across the UK to help us understand more about how the programme is being used. This research highlighted demand for resources for the 5-11 year age group that the main Faraday offering did not cater for. As a result of this feedback, we launched the IET Faraday Primary website in August 2017, which provides resources tailored to this younger age group to inspire the next generation of engineers from an even earlier age. This activity was built in partnership with the Wellcome Trust's 'Explorify' programme and the BBC's 'Terrific Scientific' programme as part of a national coordinated activity.

The *FIRST*[®] *LEGO*[®] League and the IET

LEGO[®] is a fantastic tool for aspiring engineers and as in previous years, the IET partnered with *LEGO*[®] and *FIRST*[®] to deliver the UK and Ireland competition of the global League, a scheme which encourages the application of engineering and technology solutions alongside the design and construction of robots using *LEGO*[®] technology. The global competition had more than 255,000 participants across 88 countries. The IET-run 2017 UK & Ireland League Final took place at the University of West of England in February 2017 and was the largest to date, with 48 teams competing.

For the first time in its history, the *FIRST*[®] *LEGO*[®] League International Open Championship was hosted in the UK, thanks to the efforts of volunteers and staff from the IET, the City of Bath and the University of Bath.

We welcomed 90 teams of 9-16 year olds from around the world to compete in the Open Championship series in Bath. The week-long event in June saw 700 children, accompanied by 200 coaches and mentors, compete in a series of engineering and robotics activities to show off their skills in construction, programming, problem solving and presenting.

The challenge involved building an autonomous robot to undertake a series of missions across a themed playing field. Teams had to devise a solution to a problem around the theme of Animal Allies – exploring the relationship between people and animals. Each team was also scored on how they demonstrated the *FIRST*[®] *LEGO*[®] League signature set of Core Values – celebrating discovery, teamwork and gracious professionalism.

As well as putting their technical and soft skills to the test, competitors had the opportunity to meet teams from other countries, see their robotic creations and explore the City of Bath.

The SESI Jedi's from São Paulo, Brazil, were announced the winners of the Champions Award. More than 8,000 people joined a live broadcast of the event, which is available on-demand via IET.tv and YouTube.

*IET Faraday Primary,
launched August 2017*





Former Blue Peter presenter Konnie Huq worked with the IET to create homemade STEM toys for Christmas



Engineering Open House Day

Our third annual engineering Open House Day took place over the summer. The initiative gives young people and their parents the chance to explore how engineering and technology careers play a key role in some of the UK's best-known organisations and venues.

2017 saw more than 30 organisations across the UK open their doors to the public, including Madame Tussaud's™, Thorpe Park leisure attraction, BBC Bristol and the EEF Technology Hub in Birmingham.

#ISeeMore

The IET's #ISeeMore campaign was specifically targeted at children aged 9 and upwards and aimed to help young people 'see more' of the engineering behind brands, technology and everyday objects that they love and use on a daily basis.

To launch the initiative, some of the biggest and most popular YouTube vloggers went behind the scenes at well-known attractions and brands, including Harry Potter Warner Brothers Studio Tours and Chessington World of Adventures Theme Park to find out about the vital role of

engineering. Interviews with engineers at these venues were featured, to demonstrate the diversity of engineering careers.

The campaign also saw a partnership with Cadbury's, which resulted in a competition that challenged children to design the chocolate bar of the future. The competition aimed to highlight the numerous and diverse applications of engineering skills within the world's leading brands. The winner travelled to the Mondelez International Global Chocolate Centre of Excellence to see their winning design brought to life.

IET support for graduates

With a global shortfall of engineering graduates anticipated, the IET maintains a number of programmes aimed at boosting the numbers of skilled and knowledgeable graduates entering the workforce. Foremost among these programmes is IET On Campus. The initiative provides students with the resources, connections and support to launch their careers with confidence. The scheme continues to grow with the global number of student groups growing from 39 in 2016 to close to 100 by the end of 2017.

Our plans for 2018

In 2016, we, alongside our sister Professional Engineering Institutions, the Institution of Mechanical Engineers (IMechE) and the Institution of Civil Engineers (ICE), commissioned a wide-ranging review of the UK's engineering landscape, in order to gain insight into how we can improve our support for the engineering community. The review was undertaken by Professor John Uff CBE QC FEng.

As a result of the review, which was published during 2017, the IET, ICE and IMechE have agreed a number of areas of focus which will improve:

- Our collective advice to Government
- Our promotion of the profession in schools
- Our support for knowledge sharing across engineering disciplines
- The efficiency of our accreditation of academic courses
- Our engagement with members of the engineering industry who are not currently professionally registered.

The Royal Academy of Engineering also contributed with the review and will support the delivery of these aims.

2018 is the UK Government's Year of Engineering and the IET will be taking part in a national campaign to increase awareness of what engineers do, among young people aged between 7 and 16, their parents and their teachers.

Throughout the year, we will deliver activities that will demonstrate the variety of engineering roles available, how engineering makes a difference to the world we live in and to people's lives, challenge outdated engineering stereotypes and showcase the creative and innovative opportunities available in engineering as a career.

The campaign complements the work the IET is already doing to promote the profession, but 2018 will see us work with partners including the London Transport Museum, Network Rail, the Science Museum Group, the RAF and Shell.

Finally, the IET will be celebrating its 150th anniversary in 2021 and we will be looking to engage with our members and volunteers during 2018 to find out how you would like to celebrate this landmark birthday with us!

#9PercentIsNotEnough campaign

A recent IET social media campaign, entitled #9PercentIsNotEnough, encouraged engineers to share a picture with their hand raised to the fact that women represent only 9% of the UK's engineering and technology workforce – and to highlight that engineering is a realistic and inspiring career for girls.

The campaign was launched as part of the IET's Young Woman Engineer of the Year Awards, which celebrate women working in modern engineering – and aimed to change the perception that engineering is predominantly a career for men by banishing outdated engineering stereotypes.

The campaign has had a fantastic response so far from both female and male engineers (and non-engineers) across different disciplines and generations. Supporters who have posted selfies and photos include MPs Lindsay Hoyle, Chuka Umunna, Chi Onwurah and Heidi Alexander, Robot Wars judge Noel Sharkey, television presenter Natasha Kaplinsky and tech reporter Kate Russell.



Over 150 engineering managers and recruiters attended the #9PercentIsNotEnough conference on International Women in Engineering Day

Dr Nike Folayan, founder of Association for Black and Minority Ethnic Engineers (AFBE UK)



Financial Review

Operating model

The IET undertakes a diverse range of activities in pursuit of its charitable objectives. 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.

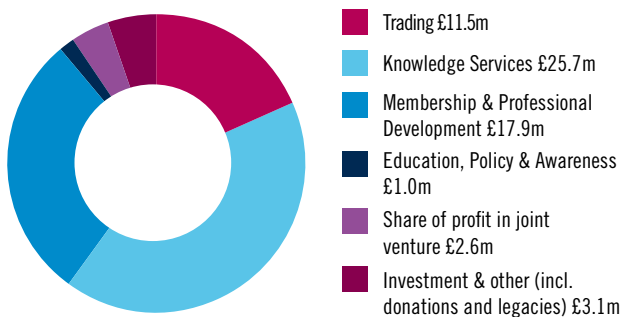
To achieve its objectives the IET needs to provide its services over the long term and therefore aims to achieve a sustainable balance of income-generating and net-cost activities over its financial cycle. Given the IET's exposure to highly competitive and relatively mature publishing markets, the Institution 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 2017.

Financial outcomes in 2017

Group income generated in 2017 amounted to £61.8m, split as shown below (2016: £58.5m). Consolidated net income for the year was £10.4m (2016: net income of £15.7m) before remeasurement of the defined benefit pension schemes. The activities undertaken in the year were carried out within the framework of budgetary control approved by the Trustees and all the incoming resources of the charity alone have been deployed on charitable activities or retained in the charity's reserves (see Note 16).

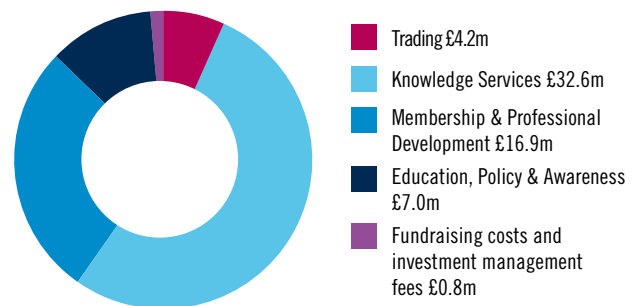
Fig. 2: 2017 Income analysis



Membership & Professional Development income grew by 4% year-on-year and marginally exceeded expectations, driven predominantly by annual membership fee increases. Total membership grew by nearly 1% driven by the UK region. 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, continued professional development and registration provide many opportunities to build lasting relationships.

Within Knowledge Services, income demonstrated a year-on-year decrease of 6%, explained predominantly by the third year sales pattern of the 3rd Amendment of the 17th Edition IET Wiring Regulations (BS 7671), which was published in January 2015. Academic Publishing revenues were weaker compared to 2016 (at constant exchange rates). Investment in production automation continues to yield results and enhancements to Inspec product functionality are expected to strengthen customer retention going forwards.

Fig. 3: 2017 Expenditure analysis



Expenditure on Charitable Activities continued to receive close attention. Operating expenditure moved in line with expectations and investment in back-office systems and product development continued throughout the year. In order to support sustainable enhancement and extension of its activities, the IET continues to identify process improvements and actively leverages procurement and supply chain opportunities.

Trading activities

The proposed payments to the IET by its UK trading subsidiaries undertaking activity to raise funds for its charitable purposes are £5.2m (2016: £3.3m).

IET Services Limited undertakes professional magazine production and online 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 £2.6m (2016: £2.4m).

Balance sheet and cash flow

The IET's Group reserves and net assets increased in the year by £17.9m (2016: increase of £2.1m). The more significant movements during the year were as follows:

- There were realised and unrealised gains in non-property investments in the year of £10.4m (2016: gains of £15.1m)
- The Savoy Hill House investment property was valued at £21.1m at 31 December 2017 resulting in an investment loss of £0.4m (2016: loss of £0.7m)
- Adjustment has been made in accordance with FRS 102 to recognise movements on the assets and liabilities of the IET's two defined benefit pension schemes. There were remeasurement gains of £7.5m during the year (2016: remeasurement losses of £13.6m).

Additional contributions totalling £1.4m were made to the two defined benefit pension schemes during the year (2016: £1.4m).

Reserves

Total charity funds at the end of the reporting period were £173.2m (2016: £155.5m). Of this the total restricted funds, representing income for restricted purposes specified by the donor, not available for the general purposes of the charity at the end of the year were £15.0m (2016: £13.1m).

Within the unrestricted funds the Trustees have earmarked designated funds for specific purposes. These include Fixed Assets reserves of £33.6m which could only be realised by disposal of the IET's operational buildings and further amounts of £20.8m which are

reserved to ensure those buildings can be refurbished or replaced over the medium to longer term. Further designations are designed to ensure funds are available to support future project investments.

The balance of the Charity's General Funds at 31 December 2017 was £92.7m (2016: £93.3m). 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 operations contingency is set at six months' future average expenditure and the revaluation contingency at 10% of unrestricted non-property investments.

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

	2017 Lower range £m	2017 Upper range £m	2016 Lower range £m	2016 Upper range £m
Operations contingency	26.7	26.7	25.4	25.4
Revaluation contingency	10.5	10.5	9.9	9.9
Pensions deficit (technical basis)	9.0		25.1	
Pensions deficit (gilts-funding basis)		30.0		47.3
Target range for reserves	46.2	67.2	60.4	82.6
Actual reserves	92.7	92.7	93.3	93.3
Reserves coverage	201%	138%	154%	113%

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 light of the IET's financial and risk environment the level of Reserves, when compared to the target range of sufficient reserves, is considered 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.

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 Institution's non-property investment portfolio is managed 100% by BlackRock who produce 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 Aon Hewitt.

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 investments to the target percentages listed below:

	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 investing in ongoing operations are available for investment and normally invested externally and liquidated as reserves fall due to be utilised.

Money in the form of cash balances arising from operational timing differences will be placed on overnight or short to medium term deposit with a UK clearing bank (minimum A risk rated). There is a maximum limit for the IET Group ("IET") of up to £2m deposit with any one organisation. It is permitted to place short to medium term deposits with a higher risk (i.e. lower than A rated) bank or building society if it is cost effective, subject to approval by the Finance and Investment Committee.

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 2017, the value of the floating charge was £10m (2016: £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 investment gains and income from the BlackRock managed non-property investment portfolio during the year was £11.2m (2016: £16.5m).

The BlackRock Dynamic Diversified Growth Fund is measured against the fund objective of three month LIBOR +3% over a rolling three year period. Its average annual performance over the three years 2015-2017 was LIBOR +1.6%. 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 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 2013-2017 was a return of 9.85% compared to a benchmark of 9.52%. For 2017 the Fund's return was 2.82% compared to the benchmark of 2.54%.

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 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:

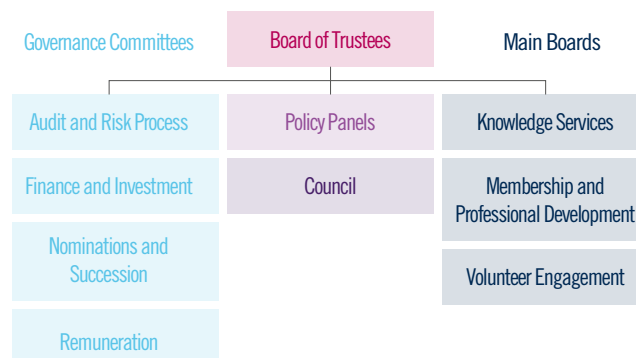
- Annual plan and budget
- Estate strategy
- CPD Monitoring Scheme Non-compliance Procedure
- Policy on ethical investment
- Restructure of legal entities in China
- Review of brand strategy
- Uff Review
- Use of surplus capacity at Savoy Place
- The business case and funding request for Inspec Analytics
- The business case and funding request for Inspec Plus
- The business case and funding request for the Know Your Customer programme
- The business case and funding request for the refurbishment of Michael Faraday House
- The business case and funding request for the 150th Anniversary project
- Amendment to the Plagiarism Policy
- Amendment to the Rules of Conduct and Disciplinary Regulations
- Final report on the Governance for the Future project
- Final report on the Governance Review of 2015.

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 following graphic. Terms of reference for each of these bodies can be found in the [About Us](#) area of the website.

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

Fig. 4: Governance structure



Trustee election, induction and training

Trustees are normally elected by the membership from candidates who are either proposed by the Trustees, based on appropriate skills and competencies, or are nominated by 10 or more members. The President and Deputy 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
Ms F Azirar	2014	2017	4/5	
Mr A R Bevington (Vice President)	2016		5/7	Membership and Professional Development Board (Chair from 1 Oct) Nominations and Succession Committee (from 1 Oct)
Dr P W Bonfield (Deputy President)	2013		7/7	Audit and Risk Process Committee (from 1 Oct) Finance and Investment Committee (Chair from 1 Oct) Knowledge Services Board (from 1 Oct) Membership and Professional Development Board (until 30 Sep) Nominations and Succession Committee Remuneration Committee (from 1 Oct) Volunteer Engagement Board (from 1 Oct)
Ms J K Bryant (Vice President)	2017		2/2	
Mr M D Carr (Deputy President)	2016		7/7	Audit and Risk Process Committee (Chair) Finance and Investment Committee Knowledge Services Board (until 30 Sep) Membership and Professional Development Board (from 1 Oct) Remuneration Committee (from 1 Oct) Volunteer Engagement Board (until 30 Sep)
Ms N W Climer	2010	2017	5/5	Nominations and Succession Committee Remuneration Committee
Professor R A Cryan (Vice President)	2015		5/7	
Mr D W A East (Vice President)	2014	20 Mar 2017	1/2	
Professor D A George (Vice President)	2017		2/2	
Dr S C A Harrison (Vice President)	2017		2/2	Knowledge Services Board (Chair from 1 Oct) Nominations and Succession Committee (from 1 Oct)
Dr A C Harter	2014	2017	4/5	Nominations and Succession Committee (until 30 Sep)
Eur Ing T T Hlaing (Honorary Treasurer)	2015		7/7	Audit and Risk Process Committee Finance and Investment Committee Knowledge Services Board Membership and Professional Development Board Remuneration Committee Volunteer Engagement Board
Eur Ing G N Hobbs	2015		6/7	Audit and Risk Process Committee Finance and Investment Committee Nominations and Succession Committee
Mrs V M Hodge (Vice President)	2016		6/7	Volunteer Engagement Board (Chair) Nominations and Succession Committee
Ms S E Hubbard	2017		2/2	Audit and Risk Process Committee (from 1 Oct) Finance and Investment Committee (from 1 Oct)
Professor J A Noble	2016		5/7	Nominations and Succession Committee (from 1 Oct)
Ms A Randall	2017		2/2	
Professor W J Stewart (Vice President)	2014	2017	5/5	Audit and Risk Process Committee (until 30 Sep) Finance and Investment Committee (until 30 Sep) Knowledge Services Board (until 30 Sep) Nominations and Succession Committee (until 30 Sep)
Professor J D M Watson	2011		5/7	Nominations and Succession Committee Remuneration Committee (Chair until 30 Sep)
Mr N P Winsor (President)	2013		7/7	Audit and Risk Process Committee (until 30 Sep) Finance and Investment Committee (Chair until 30 Sep) Membership and Professional Development Board (until 30 Sep) Nominations and Succession Committee Remuneration Committee
Air Marshal J A Young	2016		4/7	

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 (short-term and long-term) and individual performance elements and are aligned to the strategic objectives of the IET to promote the long-term success of the organisation.

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

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 advisers 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 2017 are shown in the table below.

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 international legislation	Ensuring our international operations remain compliant requires appointment of high quality local staff and advisers together with regular liaison and risk assessment at Group level.
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.
Ensuring compliance with data protection guidelines	Policies and procedures in place and training provided.
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.
Threat of loss of funds to financial fraud or theft	Fraud awareness training of key staff, policies and procedures in place.
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.
Adverse trends in member demographics	Development of engagement through IET On Campus and other Young Professional oriented activities.
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.
Appropriate reserves to maintain IET impact over the long term	The Reserves policy identifies the target range for our general reserves and operating and project budget management are used to manage shortfalls or excess reserves.

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.

Related parties and collaboration with other charities

The IET owns nine active incorporated subsidiaries as described in Note 15. 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.

The IET maintains a framework of Policies to support its staff and volunteers in the conduct of their activities. These include Whistleblowing, Anti-Bribery and Corruption, Anti-Slavery, Bullying and Harassment, Equal Opportunities and Safeguarding of Children and Vulnerable Adults.

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 2017 were:

- Alzheimer's Research UK
- Blue Cross Hertfordshire: Kimpton Rehoming Centre
- Great Ormond Street Hospital
- Herts Air Ambulance
- MacMillan
- Red Nose Day
- Sands – Stillbirth and neonatal death charity
- Save the Children
- WaterAid.

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 their supply chains, and published with a link to the home page on their 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 2017 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 79.

Statement of Trustees' Responsibilities

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

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

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

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

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

The Trustees' Report on pages 6 to 41 was approved by the Trustees on 27 March 2018 and signed on their behalf by:



Mr N P Winser CBE FEng BSc CEng FIET, President

Independent Auditor's Report to the 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 2017 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 2017 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 12 months from the date when the financial statements are authorised for issue.

Other information

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

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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.

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.

BDO LLP

Fiona Condron (Senior Statutory Auditor) For and on behalf of BDO LLP, Statutory Auditor Gatwick

Date: 28 March 2018

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 2017

	Notes	Unrestricted Funds 2017 £000	Restricted and Endowment Funds 2017 £000	Total Funds 2017 £000	Unrestricted Funds 2016 £000	Restricted and Endowment Funds 2016 £000	Total Funds 2016 £000
INCOME AND ENDOWMENTS FROM:							
Donations and legacies		16	1,318	1,334	64	363	427
Trading activities	2	11,504	–	11,504	8,258	–	8,258
Investment and other income	3	1,486	260	1,746	2,188	176	2,364
Charitable activities							
Education, policy & awareness		1,021	–	1,021	337	–	337
Knowledge services		25,699	–	25,699	27,429	–	27,429
Membership & professional development		17,881	–	17,881	17,194	–	17,194
Share of profit in joint ventures	2	2,595	–	2,595	2,444	–	2,444
Total		60,202	1,578	61,780	57,914	539	58,453
EXPENDITURE ON:							
Raising funds							
Fundraising costs		350	–	350	309	–	309
Trading activities		4,212	–	4,212	3,152	–	3,152
Investment management fees		437	41	478	345	35	380
Charitable activities							
Education, policy & awareness		5,966	1,007	6,973	4,205	870	5,075
Knowledge services		32,581	–	32,581	32,640	–	32,640
Membership & professional development		16,866	–	16,866	15,618	–	15,618
Total	5	60,412	1,048	61,460	56,269	905	57,174
Net gains on investments	9	8,634	1,415	10,049	12,442	1,958	14,400
Net income		8,424	1,945	10,369	14,087	1,592	15,679
Other recognised gains/(losses):							
Remeasurements of net defined benefit pension schemes	17	7,509	–	7,509	(13,590)	–	(13,590)
Net movement in funds		15,933	1,945	17,878	497	1,592	2,089
Reconciliation of funds:							
Total funds brought forward		142,926	13,082	156,008	142,429	11,490	153,919
Total funds carried forward	16	158,859	15,027	173,886	142,926	13,082	156,008

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 2017

	Notes	Unrestricted Funds 2017 £000	Restricted and Endowment Funds 2017 £000	Total Funds 2017 £000	Unrestricted Funds 2016 £000	Restricted and Endowment Funds 2016 £000	Total Funds 2016 £000
INCOME AND ENDOWMENTS FROM:							
Donations and legacies							
Gift Aid payable to the IET	2	5,225	–	5,225	3,339	–	3,339
Other donations and legacies		16	1,318	1,334	64	363	427
Investment and other income	3	6,429	260	6,689	6,286	176	6,462
Charitable activities							
Education, policy & awareness		1,021	–	1,021	337	–	337
Knowledge services		25,549	–	25,549	27,297	–	27,297
Membership & professional development		17,509	–	17,509	17,048	–	17,048
Total		55,749	1,578	57,327	54,371	539	54,910
EXPENDITURE ON:							
Raising funds							
Fundraising costs		350	–	350	309	–	309
Investment management fees		437	41	478	345	35	380
Charitable activities							
Education, policy & awareness		5,966	1,007	6,973	4,205	870	5,075
Knowledge services		32,571	–	32,571	32,487	–	32,487
Membership & professional development		16,753	–	16,753	15,587	–	15,587
Total	5	56,077	1,048	57,125	52,933	905	53,838
Net gains on investments	9	8,634	1,415	10,049	12,442	1,958	14,400
Net income		8,306	1,945	10,251	13,880	1,592	15,472
Other recognised gains/(losses):							
Remeasurements of net defined benefit pension schemes	17	7,509	–	7,509	(13,590)	–	(13,590)
Net movement in funds		15,815	1,945	17,760	290	1,592	1,882
Reconciliation of funds:							
Total funds brought forward		142,375	13,082	155,457	142,085	11,490	153,575
Total funds carried forward	16	158,190	15,027	173,217	142,375	13,082	155,457

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 2017

	Notes	Group		Charity	
		2017 £000	2016 £000	2017 £000	2016 £000
Fixed assets					
Intangible assets	7	–	16	244	326
Tangible assets	8	33,635	35,748	33,628	35,737
Investments	9	144,909	134,476	144,808	134,422
Total fixed assets		178,544	170,240	178,680	170,485
Current assets					
Stocks and work in progress	10	285	295	244	292
Debtors	11	9,345	9,576	11,271	9,607
Short term cash investments	9	95	1,701	95	1,701
Cash at bank and in hand		7,876	5,218	3,436	2,321
Total current assets		17,601	16,790	15,046	13,921
Liabilities					
Creditors: Amounts falling due within one year	12	(18,938)	(19,130)	(17,350)	(17,186)
Net current liabilities		(1,337)	(2,340)	(2,304)	(3,265)
Total assets less current liabilities		177,207	167,900	176,376	167,220
Creditors: Amounts falling due after more than one year	13	(3,517)	(3,440)	(3,355)	(3,311)
Net assets excluding pension asset/(liability)		173,690	164,460	173,021	163,909
Defined benefit pension scheme asset/(liability)	17	196	(8,452)	196	(8,452)
Total net assets		173,886	156,008	173,217	155,457
FUNDS					
Endowment funds		14,578	12,957	14,578	12,957
Restricted income funds		449	125	449	125
Restricted funds		15,027	13,082	15,027	13,082
Unrestricted funds	16	158,663	151,378	157,994	150,827
Unrestricted funds		158,663	151,378	157,994	150,827
Pension reserve	17	196	(8,452)	196	(8,452)
Total funds	16	173,886	156,008	173,217	155,457

The notes on pages 51 to 78 form part of these financial statements.

Approved and authorised for issue by the Trustees on 27 March 2018 and signed on their behalf by:



Mr N P Winser CBE FREng BSc CEng FIET
President



Eur Ing T T Hlaing MEng CEng MIET
Honorary Treasurer

Consolidated Statement of Cash Flows

for the year ended 31 December 2017

	Notes	Group	
		2017 £000	2016 £000
Cash flows from operating activities:			
Net cash (used in) operating activities		(2,187)	(2,860)
Cash flows from investing activities:			
Interest received		22	50
Adjustment to carrying value of joint venture		(47)	(82)
Rent received		858	861
Share of profit in joint ventures		2,595	2,444
Income from non-property investments		787	1,362
Investment management fees		(478)	(380)
Purchase of tangible fixed assets		(72)	(2,229)
Purchase of investments		(31,239)	(39,766)
Sale of investments		30,902	38,586
Net cash provided by investing activities		3,328	846
Cash flows from financing activities:			
Finance lease repayments		(89)	(93)
Net cash (used in) financing activities		(89)	(93)
Change in cash and cash equivalents in the year		1,052	(2,107)
Cash and cash equivalents at 1 January		6,919	9,026
Cash and cash equivalents at 31 December		7,971	6,919

Consolidated Statement of Cash Flows (continued)

for the year ended 31 December 2017

Reconciliation of net income to net cash flow from operating activities

	Notes	Group	
		2017 £000	2016 £000
Net income		10,369	15,679
Depreciation and amounts written off in connection with assets no longer in use		2,185	1,790
Goodwill amortisation		16	95
Net gains on investments		(10,049)	(14,400)
Decrease in stocks		10	101
Decrease/(increase) in debtors		231	(309)
(Decrease)/increase in creditors		(26)	39
Add back of non-cash FRS 102 charge/(credit) in respect of defined benefit schemes		251	(129)
Contributions paid to defined benefit schemes		(1,390)	(1,389)
Interest received		(22)	(50)
Share of profit in joint ventures		(2,595)	(2,444)
Rent received		(858)	(861)
Income from non-property investments		(787)	(1,362)
Investment management fees		478	380
Net cash (used in) operating activities		(2,187)	(2,860)

Analysis of cash and cash equivalents

	Notes	Group	
		2017 £000	2016 £000
Short term cash investments		95	1,701
Cash at bank and in hand		7,876	5,218
		7,971	6,919

Notes forming part of the Financial Statements

for the year ended 31 December 2017

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.

Notes forming part of the Financial Statements

for the year ended 31 December 2017

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	<i>Straight-line over 15 years</i>
Furniture, fittings and equipment	<i>Straight-line over 10 years</i>
Computer and electronic equipment	<i>Straight-line over 4 years</i>
London Crown leases, other leasehold and freehold buildings	<i>Straight-line over the lower of the length of the lease or 50 years</i>

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.

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

Stocks and 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 three 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.

Notes forming part of the Financial Statements

for the year ended 31 December 2017

2 TRADING ACTIVITIES & SUBSIDIARIES

The Group's financial statements incorporate all of the IET's wholly owned subsidiary companies. Throughout 2017 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 2017 £000	IETSL 2016 £000	IEECL 2017 £000	IEECL 2016 £000
Turnover – external	11,504	8,258	–	–
Turnover – intercompany	3,678	3,739	–	–
Turnover – total	15,182	11,997	–	–
Share of joint venture profits	–	–	2,611	2,460
Cost of Sales	(11,473)	(9,983)	–	–
Gross profit	3,709	2,014	2,611	2,460
Distribution costs	(955)	(1,011)	–	–
Administration expenses	(67)	(57)	(3)	(3)
Operating profit	2,687	946	2,608	2,457
Net interest payable and similar charges	(42)	(35)	–	–
Profit on ordinary activities before tax	2,645	911	2,608	2,457
Tax on ordinary activities	(15)	(16)	(13)	(13)
Profit for the financial year	2,630	895	2,595	2,444
Statement of changes in equity:				
Balance at 1 January	94	94	116	116
Profit for the financial year	2,630	895	2,595	2,444
Gift Aid payable to the IET	(2,630)	(895)	(2,595)	(2,444)
Balance at 31 December	94	94	116	116
Comprising:				
– assets	4,253	3,054	936	885
– liabilities	(4,159)	(2,960)	(820)	(769)

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 objectives consistent with those of the IET in the UK. On 23 May 2012 IET Services (India) Private Limited (IET Services (India)), company registration number U93000KA2012FTCO64117, 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 2017 £000	Total 2016 £000
External income	504	–	325	–	122	951	883
Intragroup income	815	170	496	73	909	2,463	2,145
External expenditure	(865)	(160)	(683)	(8)	(832)	(2,548)	(2,422)
Intragroup expenditure	(354)	–	(94)	(97)	–	(545)	(514)
Dividend payable to the IET	–	–	–	–	(341)	(341)	–
Funds retained by/(used by) the subsidiary	100	10	44	(32)	(142)	(20)	92
Net assets	508	167	296	1	387	1,359	1,451

3 INVESTMENT AND OTHER INCOME

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Income from equities	672	950	672	950
Income from bonds	115	412	115	412
Interest received on cash	22	50	21	49
Rent receivable	858	861	858	861
Other income – external	79	91	79	91
Dividend receivable from IET (Beijing)	–	–	341	–
Other income received from subsidiary undertakings	–	–	4,603	4,099
	1,746	2,364	6,689	6,462

Notes forming part of the Financial Statements

for the year ended 31 December 2017

4 NET INCOME/(EXPENDITURE)

This is stated after charging:

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Depreciation	2,185	1,790	2,181	1,786
Foreign exchange loss/(gains) arising on retranslation of foreign subsidiaries	70	(186)	–	–
Foreign exchange (gains)/losses arising on transactions	(19)	18	(22)	35
Payments under operating leases:				
Land and buildings rents	614	582	428	394
Other	36	32	32	28
Auditor's remuneration:				
Statutory audit	46	44	42	40
Taxation	32	8	27	3

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 2017 £000	Total 2016 £000
Charitable activities						
Education, policy & awareness	1,430	841	2,656	2,046	6,973	5,075
Knowledge sharing ¹	7,221	–	13,796	11,564	32,581	32,640
Membership & professional development ¹	4,175	–	4,820	7,871	16,866	15,618
Total charitable expenditure	12,826	841	21,272	21,481	56,420	53,333
Fundraising costs	124	–	18	208	350	309
Trading activities	2,850	100	1,262	–	4,212	3,152
Investment management fees	–	–	478	–	478	380
Total resources expended	15,800	941	23,030	21,689	61,460	57,174

IET	Direct staff costs £000	Grant funding of activities £000	Other direct costs £000	Support costs (note 5a) £000	Total 2017 £000	Total 2016 £000
Charitable activities						
Education, policy & awareness	1,430	841	2,656	2,046	6,973	5,075
Knowledge sharing ¹	7,221	–	13,786	11,564	32,571	32,487
Membership & professional development ¹	4,175	–	4,707	7,871	16,753	15,587
Total charitable expenditure	12,826	841	21,149	21,481	56,297	53,149
Fundraising costs	124	–	18	208	350	309
Investment management fees	–	–	478	–	478	380
Total resources expended	12,950	841	21,645	21,689	57,125	53,838

¹ In 2017 costs associated with the publication of the E&T: Engineering and Technology and Member News magazines are included in 'Membership & professional development'. In 2016 costs of £3,124,000 were originally included in 'Knowledge sharing' but have been restated accordingly. This change in categorisation has been made to align this expenditure and ensure consistency with how it is reported within the IET's internal Management Information systems.

5A SUPPORT COSTS

Group and IET	Finance & corporate £000	IT £000	Human resources £000	Property & offices £000	Governance £000	Total 2017 £000	Total 2016 £000
Fundraising costs	64	57	13	70	4	208	174
Charitable activities							
Education, policy & awareness	626	563	126	693	38	2,046	956
Knowledge sharing	3,538	3,182	713	3,917	214	11,564	11,801
Membership & professional development	2,408	2,166	485	2,666	146	7,871	6,510
Total charitable expenditure	6,636	5,968	1,337	7,346	402	21,689	19,441

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 2017 £000	Grants to individuals 2017 £000	Support costs 2017 £000	Total 2017 £000	Grant to institution 2016 £000	Grants to individuals 2016 £000	Support costs 2016 £000	Total 2016 £000
Education, policy & awareness								
Research	338	–	16	354	440	–	19	459
Scholarships, awards and prizes	–	585	–	585	–	510	2	512
Hardship and financial assistance	–	2	–	2	–	7	–	7
Total	338	587	16	941	440	517	21	978

	Grant to institution 2017 Number	Grants to individuals 2017 Number	Support costs 2017 Number	Total 2017 Number	Grant to institution 2016 Number	Grants to individuals 2016 Number	Support costs 2016 Number	Total 2016 Number
Education, policy & awareness								
Research	1	–	–	1	1	–	–	1
Scholarships, awards and prizes	–	210	–	210	–	158	–	158
Hardship and financial assistance	–	2	–	2	–	7	–	7
Total	1	212	–	213	1	165	–	166

Notes forming part of the Financial Statements

for the year ended 31 December 2017

5C ANALYSIS OF GRANTS – CHARITY

	Grant to institution 2017 £000	Grants to individuals 2017 £000	Support costs 2017 £000	Total 2017 £000	Grant to institution 2016 £000	Grants to individuals 2016 £000	Support costs 2016 £000	Total 2016 £000
Education, policy & awareness								
Research	338	–	16	354	440	–	19	459
Scholarships, awards and prizes	–	485	–	485	–	382	2	384
Hardship and financial assistance	–	2	–	2	–	7	–	7
Total	338	487	16	841	440	389	21	850

	Grant to institution 2017 Number	Grants to individuals 2017 Number	Support costs 2017 Number	Total 2017 Number	Grant to institution 2016 Number	Grants to individuals 2016 Number	Support costs 2016 Number	Total 2016 Number
Education, policy & awareness								
Research	1	–	–	1	1	–	–	1
Scholarships, awards and prizes	–	183	–	183	–	125	–	125
Hardship and financial assistance	–	2	–	2	–	7	–	7
Total	1	185	–	186	1	132	–	133

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 the University of Minho. The host organisation in 2016 was the Data Storage Institute.

6 EMPLOYEES

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

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Payroll costs:				
Salaries and overtime	21,288	20,387	18,785	17,955
Social Security	2,275	2,191	1,988	1,922
Pension and other benefits				
– defined benefit pension schemes	251	(129)	251	(129)
– defined contribution pension scheme	1,724	1,709	1,573	1,472
– other payments	571	372	466	363
Operating costs of defined benefit schemes	465	311	465	311
Termination payments	209	62	209	62
	26,783	24,903	23,737	21,956

The average monthly number of staff employed by the IET in the year was 558 (2016: 524) and by the Group was 628 (2016: 596), made up as follows (the comparatives for 2016 have been restated to incorporate a minor correction):

	Group		Charity	
	2017 Number	2016 Number	2017 Number	2016 Number
Charitable activities	589	557	555	521
Trading activities	36	36	–	–
Governance	3	3	3	3
	628	596	558	524

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

	Group		Charity	
	2017 Number	2016 Number	2017 Number	2016 Number
£60,000 - £69,999	19	15	15	11
£70,000 - £79,999	10	11	8	10
£80,000 - £89,999	7	3	5	3
£90,000 - £99,999	4	2	4	1
£100,000 - £109,999	1	5	1	4
£120,000 - £129,999	–	1	–	–
£130,000 - £139,999	–	1	–	1
£140,000 - £149,999	2	1	2	1
£150,000 - £159,999	1	1	1	1
£160,000 - £169,999	1	1	1	–
£170,000 - £179,999	2	1	1	1
£180,000 - £189,999	2	1	1	1
£190,000 - £199,999	–	1	–	–
£200,000 - £209,999	–	1	–	1
£400,000 - £409,999	–	1	–	1
£410,000 - £419,999	1	–	1	–

For the Group seven of the above employees (2016: seven) and for the Charity six of the above employees (2016: six) were deferred members of the defined benefit IET Superannuation & Assurance Scheme.

For the Group, 41 employees were members of the IET's defined contribution scheme (2016: 39). For the Group, pension payments in respect of the relevant employees to the defined contribution scheme totalled £411,471 (2016: £363,535). Pension payments in 2017 now include payments made under salary sacrifice and pension payments for 2016 have been restated accordingly.

For the Charity, 36 employees were members of the IET's defined contribution scheme (2016: 33). For the Charity, pension payments in respect of the relevant employees to the defined contribution scheme totalled £350,361 (2016: £301,612). Pension payments in 2017 now include payments made under salary sacrifice and pension payments for 2016 have been restated accordingly.

Notes forming part of the Financial Statements

for the year ended 31 December 2017

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 matured for the first time in the year ended 31 December 2016.

The 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 £1,323,957 (2016: £1,342,242). Aggregate remuneration and benefits in 2017 now include payments made under salary sacrifice and payments for 2016 have been restated accordingly. In addition, employer's national insurance contributions were £166,311 (2016: £169,116). Of these amounts £nil (2016: £nil) related to the Trustees. However, two 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 £414,061 in the year (2016: £409,530), 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 £46,560 were incurred by the seven members of the Executive Team considered key management personnel on behalf of the IET (2016: £31,981 by six members of the Executive Team).

7 INTANGIBLE FIXED ASSETS – GROUP

	Goodwill £000
Cost:	
At 1 January 2017	494
At 31 December 2017	494
Amortisation:	
At 1 January 2017	478
Charge for the year	16
At 31 December 2017	494
Net book value:	
At 31 December 2017	–
At 31 December 2016	16

The goodwill arose on the acquisition of the business, operations, goodwill and stock of SciTech Publishing, Inc. on 15 March 2012.

7A INTANGIBLE FIXED ASSETS – CHARITY

	Goodwill £000
Cost:	
At 1 January 2017	407
At 31 December 2017	407
Amortisation:	
At 1 January 2017	81
Charge for the year	82
At 31 December 2017	163
Net book value:	
At 31 December 2017	244
At 31 December 2016	326

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 five 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 2017	15,919	6,474	12,539	5,875	2,044	42,851
Additions	–	–	–	72	–	72
At 31 December 2017	15,919	6,474	12,539	5,947	2,044	42,923
Accumulated depreciation:						
At 1 January 2017	898	3,028	662	2,345	170	7,103
Depreciation for the year	315	109	836	866	59	2,185
At 31 December 2017	1,213	3,137	1,498	3,211	229	9,288
Net book value:						
At 31 December 2017	14,706	3,337	11,041	2,736	1,815	33,635
At 31 December 2016	15,021	3,446	11,877	3,530	1,874	35,748

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 2017	15,919	6,474	12,539	5,818	2,044	42,794
Additions	–	–	–	72	–	72
At 31 December 2017	15,919	6,474	12,539	5,890	2,044	42,866
Accumulated depreciation:						
At 1 January 2017	898	3,028	662	2,299	170	7,057
Depreciation for the year	315	109	836	862	59	2,181
At 31 December 2017	1,213	3,137	1,498	3,161	229	9,238
Net book value:						
At 31 December 2017	14,706	3,337	11,041	2,729	1,815	33,628
At 31 December 2016	15,021	3,446	11,877	3,519	1,874	35,737

Regional Centres comprise both freehold property, with a net book value of £931,000 at 31 December 2017 (31 December 2016: £964,000) and long leasehold property, with a net book value of £884,000 at 31 December 2017 (31 December 2016: £910,000).

The IET Library and Archives was founded in 1880, and houses around six 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.

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The collection is managed by professional staff, with expert conservation advice from the National Conservation Service. The archives and rare books were recently moved to 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
Fair Value at 1 January 2017	112,579	23,598	136,177
Acquisitions at Cost	31,239	–	31,239
Proceeds from Sale of Investments	(30,902)	–	(30,902)
Decrease in Investment Cash	(1,606)	–	(1,606)
Net Investment Gains/(Losses)	10,438	(389)	10,049
Adjustment to carrying value of joint venture	47	–	47
Fair Value at 31 December 2017	121,795	23,209	145,004
Finance lease relating to investment property (Notes 12 and 13)	–	(2,109)	(2,109)
Net investments fair value	121,795	21,100	142,895
Historical Cost at 31 December 2017	93,224	7,227	100,451
Unrealised Gains	28,571	13,873	42,444
Realised Gains based on historic cost	5,779	–	5,779

9A INVESTMENTS – IET

	Non-property investments £000	Investment property £000	Total £000
Fair Value at 1 January 2017	111,695	23,598	135,293
Acquisitions at Cost	31,239	–	31,239
Proceeds from Sale of Investments	(30,902)	–	(30,902)
Decrease in Investment Cash	(1,606)	–	(1,606)
Net Investment Gains/(Losses)	10,438	(389)	10,049
Fair Value at 31 December 2017	120,864	23,209	144,073
Investments held at cost (at 1 January and 31 December 2017)	830	–	830
	121,694	23,209	144,903
Finance lease relating to investment property (Notes 12 and 13)	–	(2,109)	(2,109)
Total net investments	121,694	21,100	142,794
Historical Cost at 31 December 2017	93,170	7,227	100,397
Unrealised Gains	28,524	13,873	42,397
Realised Gains based on historic cost	5,779	–	5,779

The Investment Property for both the Group and the IET (Savoy Hill House) was valued as at 31 December 2017 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.

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 2017, the value of the assets subject to the floating charge was £40.5m (31 December 2016: £36.6m). At 31 December 2017 the value of the floating charge itself was £10m (31 December 2016: £10m).

9C ANALYSIS OF INVESTMENTS

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Investment property	23,209	23,598	23,209	23,598
Investments in subsidiary undertakings	–	–	830	830
Investments in joint ventures	931	884	–	–
Listed investments:				
– Equities	61,948	58,103	61,948	58,103
– Bonds	29,292	25,068	29,292	25,068
– Mixed fund	29,529	26,823	29,529	26,823
Fixed asset investments	144,909	134,476	144,808	134,422
Short term cash investments	95	1,701	95	1,701
Total investments	145,004	136,177	144,903	136,123

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
UK	66,148	90,415	65,517	89,831
Non-UK	78,856	45,762	79,386	46,292
	145,004	136,177	144,903	136,123

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 2017 and considered that no change in their carrying value was required.

10 STOCKS

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Publications and work in progress	285	292	244	292
Other stocks	–	3	–	–
	285	295	244	292

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11 DEBTORS

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Trade debtors	2,581	2,507	1,633	1,443
Other debtors	412	440	274	321
Accrued income	4,601	4,730	4,499	4,636
Payments in advance	1,751	1,899	1,596	1,530
Amounts due from subsidiaries	–	–	3,269	1,677
	9,345	9,576	11,271	9,607

Included within 'Amounts due from subsidiaries' of the charity is a loan of £300,000 (2016: £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		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Accruals for grants payable	635	579	635	579
Trade creditors	1,899	1,413	1,355	1,082
Obligations under finance leases	97	97	97	97
Taxation and NI costs	759	743	594	553
Other creditors	822	835	807	822
Accruals	4,939	5,120	4,273	4,377
Amounts received in advance	9,787	10,343	9,284	9,395
Amounts due to subsidiaries	–	–	305	281
	18,938	19,130	17,350	17,186

'Amounts received in advance' represent income from subscriptions relating to future periods. Substantially all of the receipts in advance as at 31 December 2016 were released to the Statement of Financial Activities in the year ended 31 December 2017. Accruals include termination payments of £65,512 (2016: £nil).

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 are as follows:

	Group and Charity	
	2017 £000	2016 £000
Funds held as at 1 January	534	389
Funds received in year	2,211	2,244
Funds transferred to owning entity	(2,205)	(2,099)
Funds held at 31 December	540	534

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Accruals for grants payable	1,494	1,324	1,332	1,195
Obligations under finance leases:				
– later than one year and not later than five years	387	387	387	387
– later than five years	1,625	1,714	1,625	1,714
Other creditors	11	15	11	15
	3,517	3,440	3,355	3,311

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		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Land and buildings, expiry date:				
– within one year	95	160	2	160
– between two and five years	774	674	774	361
– after five years	2,147	2,198	2,147	2,198
	3,016	3,032	2,923	2,719
Vehicles and equipment, expiry date:				
– within one year	7	–	7	–
– between two and five years	39	70	27	70
	46	70	34	70

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.

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15 TRUSTEES AND RELATED PARTY TRANSACTIONS

During the year, travelling and subsistence expenses totalling £50,444 were incurred by 16 Trustees on behalf of the IET (2016: £65,097 by 14 Trustees). None of the Trustees, or persons connected with them, received remuneration for any service to the IET this year or last year.

Ms Naomi Climer (Trustee during the period to 30 September 2017) entered into a consultancy agreement on 1 January 2016 with a related party, International Broadcasting Convention (IBC Partnership). The contract was for £24,000 (2016: £24,000) per annum to chair the IBC Council.

Mr Nigel Ward (Trustee during the period to 30 September 2016) is a director and 50% shareholder of Schoolbacs Limited (Schoolbacs). The other shareholder of Schoolbacs is related to Nigel Ward. The IET made contractual payments during the period to 30 September 2016 to Schoolbacs totalling £29,120 plus VAT for the provision of cloud-based software and related support services. No amount was outstanding as at 31 December 2016.

Dr Peter Bonfield (Trustee) is Chief Executive of the BRE Group (BRE). Professor Jeremy Watson (Trustee) is BRE's Chief Scientist and Engineer. The IET has cooperated with the BRE Group on a range of activities, such as the solar photovoltaic standard and the organisation of events. IET Services Limited received £5,540 plus VAT (2016: £31,101 plus VAT) and IET received £7,402 plus VAT (2016: £nil) during the year from the BRE Group in respect of room hire, equipment hire and catering. No amounts were outstanding at 31 December 2017 (2016: £1,777 plus VAT). The IET has paid £nil to BRE during 2017 (2016: £1,000 plus VAT for event sponsorship).

Ms Dawn Bonfield (wife of Dr Peter Bonfield, Trustee) has been 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 has not been made as at 31 December 2017.

Mr Nick Winser (Trustee) is Chairman of The Energy Systems Catapult (ESC). IET received £173,198 plus VAT from ESC during 2017 (2016: IET Services Limited received £145,536 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.

The IET made gross payments during the year of £nil (2016: £673), for services rendered under a temporary employment contract, to the son 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. Ms 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 2017 of £330,062 (2016: £319,900) principally relating to salary cost recharges, £1,550 (2016: £1,332) relating to IET Group memberships and £416 (2016: £nil) relating to equipment hire and catering. Amounts receivable of £31,173 were outstanding at 31 December 2017 (2016: £27,145). The IET had amounts payable to IET Connect in 2017 of £382,926 (2016: £393,354) relating to donations collected on behalf of IET Connect and £6,511 (2016: £4,857) relating to room hire and catering. Amounts payable of £428 were outstanding at 31 December 2017 (2016: £48,021).

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

Entity	Relationship	Ownership	Income	Expenditure	Debtor/	Income	Expenditure	Debtor/
			2016	2016	at 31 Dec	2017	2017	at 31 Dec
			£000	£000	2016	£000	£000	2017
					£000			£000
IET Services Limited	Subsidiary	100%	5,010	(3,124)	844	7,500	(3,679)	2,295
IEE Conventions Limited	Subsidiary	100%	2,444	–	744	2,595	–	792
IET USA, Inc.	Subsidiary	100%	426	(807)	(50)	354	(815)	(206)
IET (India)	Subsidiary	100%	–	(137)	59	–	(170)	10
IET Services (India)	Subsidiary	100%	88	(545)	(91)	94	(496)	(99)
IET Holdings	Subsidiary	100%	–	–	63	–	(73)	–
IET (Beijing)	Subsidiary	100%	–	(656)	139	–	(811)	172
IET (Canada)	Subsidiary	100%	–	(21)	–	–	(28)	–
Institution of Engineering and Technology, USA	Subsidiary	100%	–	(18)	–	–	(23)	–
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.

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

IET Services Limited has 4 employees (2016: 4) who were members of IET's defined benefit pension scheme, 'The IET Superannuation and Assurance Scheme' (IET SAS) until its closure to future accrual on 31 March 2012. The directors of IET Services Limited consider that there is insufficient information to account for the Scheme as a Defined Benefit Scheme in its own accounts, in particular as separate contribution rates were not identified for the participating employers of the Scheme. As such the Scheme is accounted for on a Defined Contribution basis in the accounts of IET Services Limited. The FRS 102 surplus of IET SAS at 31 December 2017 as calculated by the Scheme Actuary is £39,000 (2016: deficit of £8,367,000), 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 2017 was nil (2016: nil).

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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 page 33.

The Pension Scheme Reserve is reduced by payments made against the agreed recovery plans in the year.

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

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 Savoy Place Redevelopment Reserve was established to fund a major refurbishment of Savoy Place which started in 2013 and completed in 2016.

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 2018-2020 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 included within the IET's wider investment portfolio and are shown at fair value at 31 December 2017.

The Dr A F Harvey Fund is a part of the Institution of Electrical Engineers 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 Institution of Electrical Engineers 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 2017 of £495,000 (31 December 2016: £442,000). The full list of linked charities is provided in Note 16a.

In addition, the Janet Firmin Memorial Fund had funds of £612,000 as at 31 December 2017 (31 December 2016: £nil). The Fund is not a linked charity.

Transfers between Funds

Transfers between funds are made to reflect the necessary balances on each of the funds at the year-end date.

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
Thorowgood 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 – Institution of Electrical Engineers Benefactors Trust Fund:

Linked Charity Name	Registration Number
The Institution of Electrical Engineers 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

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16B RESERVES AND RESTRICTED FUNDS

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 General Funds					
Other Trust Funds	1,404	772	–	72	2,248
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	12,957	1,622	–	(1)	14,578
Restricted Income Funds					
Impact Engineering Funds	125	323	–	1	449
Total Restricted Income Funds	125	323	–	1	449
Restricted Funds	13,082	1,945	–	–	15,027
Total Funds	156,008	10,369	7,509	–	173,886

16B RESERVES AND RESTRICTED FUNDS (CONTINUED)

Group – Year ended 31 December 2016

	Balance at 1 January 2016 £000	Net Income/ (Expenditure) £000	Pension Scheme Actuarial Loss £000	Transfers £000	Balance at 31 December 2016 £000
Total General Funds	81,369	18,276	–	(7,000)	92,645
Designated Funds					
Fixed Assets Reserve	35,309	(1,790)	–	2,229	35,748
Invested Building Redemption Reserve	9,854	–	–	1,428	11,282
Savoy Place Redevelopment Reserve	2,454	(227)	–	(2,227)	–
Development and New Initiatives Reserve	8,900	(2,581)	–	4,181	10,500
IEECL Accumulated Fund	116	–	–	–	116
IETSL Accumulated Fund	94	–	–	–	94
IET India Accumulated Fund	61	29	–	–	90
IET Services (India) Accumulated Fund	145	108	–	–	253
IET Holdings Accumulated Fund	32	2	–	–	34
IET USA, Inc. Accumulated Fund	147	123	–	–	270
IET (Beijing) Accumulated Fund	328	18	–	–	346
Total Designated Funds	57,440	(4,318)	–	5,611	58,733
Total Unrestricted Funds Before Pension (Liability)/Asset	138,809	13,958	–	(1,389)	151,378
Pension Scheme Funding Reserve	3,620	129	(13,590)	1,389	(8,452)
Total Unrestricted Funds After Pension (Liability)/Asset	142,429	14,087	(13,590)	–	142,926
Permanent Endowment Funds General Funds					
Other Trust Funds	1,213	203	–	(12)	1,404
Expendable Endowment Funds					
Institution of Electrical Engineers Benefactors Trust Fund	4,974	869	–	–	5,843
Dr A F Harvey Fund	4,831	429	–	2	5,262
Other Trust Funds	420	18	–	10	448
Total Expendable Endowment	10,225	1,316	–	12	11,553
Total Endowment Funds	11,438	1,519	–	–	12,957
Restricted Income Funds					
Impact Engineering Funds	52	73	–	–	125
Total Restricted Income Funds	52	73	–	–	125
Restricted Funds	11,490	1,592	–	–	13,082
Total Funds	153,919	15,679	(13,590)	–	156,008

Notes forming part of the Financial Statements

for the year ended 31 December 2017

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	1,404	772	–	72	2,248
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	12,957	1,622	–	(1)	14,578
Restricted Income Funds					
Impact Engineering Funds	125	323	–	1	449
Total Restricted Income Funds	125	323	–	1	449
Restricted Funds	13,082	1,945	–	–	15,027
Total Funds	155,457	10,251	7,509	–	173,217

16B RESERVES AND RESTRICTED FUNDS (CONTINUED)

Charity – Year ended 31 December 2016

	Balance at 1 January 2016 £000	Net Income/ (Expenditure) £000	Pension Scheme Actuarial Loss £000	Transfers £000	Balance at 31 December 2016 £000
Total General Funds	81,961	18,345	–	(6,998)	93,308
Designated Funds					
Fixed Assets Reserve	35,296	(1,786)	–	2,227	35,737
Invested Building Redemption Reserve	9,854	–	–	1,428	11,282
Savoy Place Redevelopment Reserve	2,454	(227)	–	(2,227)	–
Development and New Initiatives Reserve	8,900	(2,581)	–	4,181	10,500
Total Designated Funds	56,504	(4,594)	–	5,609	57,519
Total Unrestricted Funds Before Pension (Liability)/Asset	138,465	13,751	–	(1,389)	150,827
Pension Scheme Funding Reserve	3,620	129	(13,590)	1,389	(8,452)
Total Unrestricted Funds After Pension (Liability)/Asset	142,085	13,880	(13,590)	–	142,375
Permanent Endowment Funds					
Other Trust Funds	1,213	203	–	(12)	1,404
Expendable Endowment Funds					
Institution of Electrical Engineers Benefactors Trust Fund	4,974	869	–	–	5,843
Dr A F Harvey Fund	4,831	429	–	2	5,262
Other Trust Funds	420	18	–	10	448
Total Expendable Endowment	10,225	1,316	–	12	11,553
Total Endowment Funds	11,438	1,519	–	–	12,957
Restricted Income Funds					
Impact Engineering Funds	52	73	–	–	125
Total Restricted Income Funds	52	73	–	–	125
Restricted Funds	11,490	1,592	–	–	13,082
Total Funds	153,575	15,472	(13,590)	–	155,457

Notes forming part of the Financial Statements

for the year ended 31 December 2017

16C ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

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 (liability)/asset	196	–	196
	158,859	15,027	173,886

31 December 2016

	Unrestricted funds 2016 £000	Restricted and endowment funds 2016 £000	Total funds 2016 £000
Intangible fixed assets	16	–	16
Tangible fixed assets	35,748	–	35,748
Fixed asset investments	121,394	13,082	134,476
Current assets	16,790	–	16,790
Current liabilities	(19,130)	–	(19,130)
Long term creditors	(3,440)	–	(3,440)
Pension scheme (liability)/asset	(8,452)	–	(8,452)
	142,926	13,082	156,008

16D ANALYSIS OF IET NET ASSETS BETWEEN FUNDS

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 (liability)/asset	196	–	196
	158,190	15,027	173,217

16D ANALYSIS OF IET NET ASSETS BETWEEN FUNDS (CONTINUED)

31 December 2016

	Unrestricted funds 2016 £000	Restricted and endowment funds 2016 £000	Total funds 2016 £000
Intangible fixed assets	326	–	326
Tangible fixed assets	35,737	–	35,737
Fixed asset investments	121,340	13,082	134,422
Current assets	13,921	–	13,921
Current liabilities	(17,186)	–	(17,186)
Long term creditors	(3,311)	–	(3,311)
Pension scheme (liability)/asset	(8,452)	–	(8,452)
	142,375	13,082	155,457

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 2018.

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 £37,000 to the Scheme in the year ending 31 December 2018.

Notes forming part of the Financial Statements

for the year ended 31 December 2017

Assumptions

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

	IET SAS 2017 % pa	IET SAS 2016 % pa	IIE PLAS 2017 % pa	IIE PLAS 2016 % pa
Price inflation (RPI)	3.40	3.50	3.40	3.50
Price inflation (CPI)	2.40	2.50	2.40	2.50
Pension in payment increases, pre April 1997	2.10	2.15	3.40	3.50
Pension in payment increases, post April 1997	3.30	3.35	5.00	5.00
Rate of deferred pension increases	2.40	2.50	3.40	3.50
Salary increases	n/a	n/a	4.40	4.50
Discount rate	2.50	2.70	2.50	2.70

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

	IET SAS 2017	IET SAS 2016	IIE PLAS 2017	IIE PLAS 2016
Member age 60 – male (current life expectancy)	28.2	29.6	28.0	29.8
Member age 60 – female (current life expectancy)	30.1	31.0	29.9	31.1
Member age 40 – male (future pensioner)	29.7	32.4	29.6	32.2
Member age 40 – female (future pensioner)	31.6	32.8	31.5	32.7

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

	IET SAS 2017 £000	IIE PLAS 2017 £000	Total 2017 £000	Total 2016 £000
Current service cost	–	32	32	22
Administration costs	–	8	8	8
Net interest charge/(credit) on net defined benefit liability	209	2	211	(159)
Net amount charged/(credited) to Statement of Financial Activities	209	42	251	(129)
	IET SAS 2017 £000	IIE PLAS 2017 £000	Total 2017 £000	Total 2016 £000
Actual return on assets excluding amounts included in net interest	2,286	15	2,301	17,698
Actuarial gains/(losses) arising on Scheme liabilities	5,141	67	5,208	(31,348)
Effects of changes in the amount of surplus that is not recoverable	–	–	–	60
Actuarial gains/(losses) charged to the Statement of Financial Activities	7,427	82	7,509	(13,590)

Analysis of the amounts recognised in the Balance Sheet

	IET SAS 2017 £000	IIE PLAS 2017 £000	Total 2017 £000	Total 2016 £000
Changes to fair value of Scheme assets				
Opening fair value of Scheme assets	153,368	2,860	156,228	136,486
Interest income	4,097	77	4,174	5,131
Contributions by plan participants	–	2	2	2
Contributions by employer	1,188	202	1,390	1,389
Benefits paid	(4,538)	(111)	(4,649)	(4,478)
Return on Scheme assets excluding interest income	2,286	15	2,301	17,698
Closing fair value of Scheme assets	156,401	3,045	159,446	156,228
	IET SAS 2017 £000	IIE PLAS 2017 £000	Total 2017 £000	Total 2016 £000
Changes to present value of benefit obligations				
Opening present value of benefit obligations	161,735	2,945	164,680	132,810
Current service cost	–	32	32	22
Interest costs	4,306	79	4,385	4,968
Contributions by plan participants	–	2	2	2
Benefits paid	(4,538)	(111)	(4,649)	(4,478)
Expenses	–	8	8	8
Actuarial (gains)/losses	(5,141)	(67)	(5,208)	31,348
Closing present value of benefit obligations	156,362	2,888	159,250	164,680
	IET SAS 2017 £000	IIE PLAS 2017 £000	Total 2017 £000	Total 2016 £000
Fair value of Scheme assets	156,401	3,045	159,446	156,228
Present value of benefit obligations	(156,362)	(2,888)	(159,250)	(164,680)
Amount of surplus not considered recoverable	–	–	–	–
Net surplus/(deficit)	39	157	196	(8,452)

Notes forming part of the Financial Statements

for the year ended 31 December 2017

Fund assets

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

	2017 £000	2017 %	2016 £000	2016 %
IET SAS				
UK Equities	9,898	6.3	17,835	11.6
Overseas Equities	9,640	6.2	17,563	11.5
Debt Securities - Government	85,301	54.5	52,788	34.4
Diversified Growth Funds	19,515	12.5	31,623	20.6
Insurance contracts	31,716	20.3	33,372	21.8
Cash and cash equivalents	331	0.2	187	0.1
	156,401	100.0	153,368	100.0
IIE PLAS				
Aviva DAF Fund	3,045	100.0	2,860	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.

17B DEFINED CONTRIBUTION SCHEMES

Both the IET and employees make contributions towards the IET's defined contribution stakeholder pension arrangement. At 31 December 2017, 537 Group employees were members of the Scheme (2016: 521). The total employer contributions paid to this Scheme during the year amounted to £1,721,000 (2016: £1,620,000).

The pension charge for the year to 31 December 2017 for all Schemes was £1,975,000 (2016: £1,580,000).

18 CAPITAL COMMITMENTS

The Group and the Charity had capital commitments of £56,095 at 31 December 2017 (31 December 2016: Group and Charity £Nil).

Legal and Administrative Information

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

Principal Office

Savoy Place, London WC2R 0BL, UK

Trustees

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

Mr A R Bevington

Dr P W Bonfield

Ms J K Bryant (*appointed 1 October 2017*)

Mr M D Carr

Professor R A Cryan

Professor D A George (*appointed 1 October 2017*)

Dr S C A Harrison (*appointed 1 October 2017*)

Eur Ing T T Hlaing

Eur Ing G N Hobbs

Mrs V M Hodge

Ms S E Hubbard (*appointed 1 October 2017*)

Professor J A Noble

Ms A Randall (*appointed 1 October 2017*)

Professor J D M Watson

Mr N P Winser

Air Marshal J A Young

Other Trustees who served during the period of the report:

Ms F Azirar (*retired 30 September 2017*)

Ms N W Climer (*retired 30 September 2017*)

Mr D W A East (*resigned 20 March 2017*)

Dr A C Harter (*retired 30 September 2017*)

Professor W J Stewart (*retired 30 September 2017*)

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

Ms A E Carr
Director of Governance and Policy

Mr S R Hawthorne
Director of Knowledge

Ms H Lambert
Director of International, Strategic Marketing and Engagement

Ms M D Richmond
Director of Membership and Professional Development

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