THE INSTITUTION OF ENGINEERING AND TECHNOLOGY

Trustees' Annual Report and Accounts

Year ended: 31 December 2007

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

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REPORT OF THE TRUSTEES

IET Objectives

The objects of the Institution of Engineering and Technology (IET) set out in its governing documents are 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.

It achieves public benefit by realising its Vision of sharing and advancing knowledge throughout the global Science, Engineering and Technology community, supported by its Mission to build and continually develop a global network of knowledge supported by individuals, companies and institutions, facilitated by the IET and its members.

Delivering Public Benefit

The IET operates as a technical publisher and public champion of science, engineering and technology, as well as a qualifying and membership body. While some of the IET's work engages directly with the general public, the bulk of the IET's public benefit is provided by supporting the generation and dissemination of knowledge amongst members and other individuals actively engaged in science, engineering and technology.

The IET is a major publisher of peer-reviewed technical papers, professional development material, technical standards and guidance, and provides valuable research tools through its secondary publishing services. The IET provides opportunities to share and disseminate knowledge through its publications, events and Technical and Professional Networks (TPNs). The IET also encourages high standards in teaching, the achievement of professional qualifications and life-long learning to ensure individuals serve the needs of society effectively.

With over 150,000 members, and in excess of 100 groups of volunteers supporting its activities around the world, the IET is Europe's largest membership-based Engineering Institution. Membership of the IET is promoted to encourage and enable a commitment to professional development and, where relevant, appropriate recognised qualification. Membership brings active individuals into closer contact with like minded people, encouraging the flow of knowledge and the development of member-led activities across geographic and technical boundaries. The IET is also able to benefit from the contribution of the time and expertise of many member volunteers in addition to subscription income in achieving its charitable objectives.

Membership is open to everyone with an interest in Science, Engineering & Technology (SET) and reduced rates are provided to those on lower incomes and students.

The IET seeks to increase the generation of new knowledge by encouraging relevant research, cross-disciplinary and international collaboration, and promoting the benefits of innovation, research and development to industry. The IET devotes significant resources to promoting public awareness and informing public and policy debate on relevant issues within SET, including actively seeking to promote SET to young people. The IET also encourages the sharing of best practice between corporate and educational stakeholders.

Significant resources are provided freely to the profession, general public and stakeholders via its website and event activity. The IET's financial strategy in part is to operate efficiently and pursue a policy of continuous improvement thereby creating financial resources to fund these non income generating activities. During 2007 the IET expended resources, including these public activities, of £51.8m and received £47.8m in incoming resources, generating a deficit before the benefit of investment gains and the adjustment for pensions scheme accounting (FRS17).

Strategic Management

The IET operates a rolling 5-year Corporate Plan which sets out agreed annual objectives in achieving its Mission. The strategic goals of the organisation are:

- A comprehensive suite of knowledge products which are distinctive, globally relevant and compelling in their quality.
- A world-class web-enabled infrastructure to support the knowledge network.
- Extended global reach to connect the IET's strong UK presence to other SET communities.
- Operational excellence with best in class processes and people.

Over the coming five years the focus of development is to leverage the capability of the Institution to increase its impact and extend its reach. Core components of the plan are therefore:

- Development of knowledge network web services.
- Closer integration of magazine, technical interest and event communities.
- International development and knowledge exchange with a short-term focus on China and India.
- Completion of the Relationship Management programme and realignment of the organisation to be truly value-led in product development and retirement.

The Corporate Plan includes specific short and long-term targets, including the introduction of new publications and products, and increased engagement with web content, events, membership and qualification. The Trustees receive regular reports on performance against the Corporate Plan and a number of the achievements in 2007 are reported in the following pages.

The IET has an agreed set of common values and behaviours, which can be summarised as:

- Inclusive and collaborative.
- Operationally innovative, flexible and nimble.
- Digital and global in thought and action.
- Committed to a professional and ethical way of working.

Activities, Achievements & Performance

Public Policy and Awareness

Public Affairs

Objectives in this area are to provide informed opinion to guide policy formation and, where appropriate, to engage the public in understanding relevant technical issues.

Submissions to UK government policy debate have included the draft climate change bill, the future of nuclear power, the secondary curriculum review; the digital dividend review and the merger of the Health & Safety Executive and the Health & Safety Commission.

The publication of the Commons Trade and Industry report on "Local Generation" included several references to written and oral evidence provided by the IET. In Scotland the IET made submissions on energy efficiency and micro generation and on a science and innovation strategy for Scotland. A joint sector panel submission was made to the EU Commission on the robustness and resilience of communication systems in Europe, which resulted in the Chairman of the IT Sector Panel being invited to Brussels to present the IET's advice at a policy meeting.

The IET launched a new fact sheet on "Energy Principles" at a special Commons reception, which resulted in requests for the document from a number of public and private organisations. A Parliamentary discussion about Skills hosted by Ashok Kumar MP attracted support from all parties. The President and Chief Executive were invited to attend a Ministerial meeting on "Building a Successful Knowledge Economy" with the Minister of State for Industry and the Regions and the Minister of State for Higher Education, where the key issues of IT investment, skills and image were discussed.

Education, skills and professionalism continued to be a focus and the IET, in association with the Social Market Foundation, arranged fringe events at the Labour, Conservative and Liberal Democrat autumn party conferences exploring the issue of engineering skills shortages. The publication of the second annual Skills Survey received good coverage in the quality press.

A number of joint activities were undertaken during the year, with both government agencies and external organisations. A major two day conference was held at Savoy Place to mark the end of the Demos "Atlas of Ideas" project, to which the IET made input. This attracted an international audience and speakers included the Minister for Science and Innovation and the Ambassador of the People's Republic of China, the High Commissioner of India and the Ambassador of the Republic of Korea.

The IET's reputation as a respected learned society led to the publication of good practice guidance on competency management by the Health and Safety Executive that was funded by the IET and developed in collaboration with the British Computer Society.

The suite of factfiles and briefings which provide public information on technical issues were updated and regularly attracted over 30,000 web hits per month. A related series of fact sheets that address the topics with regard to the Scottish Assembly were also developed.

Knowledge Sharing Among Engineers

IET objectives reflect the value of engaging professionals in greater knowledge sharing, through both increasing attendance at technical events and greater use of web-based information services.

During 2007 a number of web development projects were delivered to improve both the user experience and technical architecture. The new website was launched in July 2007 following a period of technical design that reflected input from members, volunteers and external web specialists. The result is a site with a "cleaner" look, incorporating improvements to information architecture, consistency of navigation / layout and a rebuild of task-driven content.

Improvements to the Knowledge Network part of the website followed towards the end of the year. An improved user experience is supported by new information architecture for content, new

collaboration tools, easier access and *IET Discover* - an online search portal delivering social book-marking technology. Further changes were made to the cross site search facility to embrace all IET websites, e-books and websites of fellow members of Engineering Council UK (EC^{UK}).

TPN and Prestige event attendance achieved 13,520 delegates, which was short of the 2007 target but 9% up on the previous year's total of 12,417. Prestige Lecture attendees totalled 3,144, 21% ahead of target. The target of holding six events with over 300 delegates was achieved (up from three events in 2006). The 2007 programme has also included delivery of nine events in continental Europe and in Asia, some of which were in co-operation with Local Networks (including France, Germany, Amsterdam, Singapore and China).

Event highlights included the Pinkerton Lecture in September, attracting 550 delegates to hear guest speaker Sir Tim Berners-Lee. Radar 2007 attracted 355 delegates from 34 countries, and the IET will be hosting this event again in 2012. A joint event with the Local Network in Singapore on Microelectronics and Embedded Systems attracted 336 delegates.

A new Systems & Synthetic Biology Network has been created as the IET expands the width of its engagement and has taken on organisation of the BioSysBio event for the next two years (which regularly attracts 300 delegates). A Memorandum of Understanding between the IET and the Institute of Nanotechnology was signed in November with the purpose of re-launching Microsystems & Nanotechnology in 2008 as a joint partnership to run 1 or 2 events in 2008. There has also been further development of our IT sector presence with the successful introduction of an evening lecture format, which will be further trialled in 2008.

The Technology and Innovation Awards have been embedded as a highlight within the Institutional calendar alongside other high profile awards to recognise excellence including the Young Woman Engineer of the Year Award. The Lifetime Achievement Award was launched in April 2007 and the first awards are expected to be made in 2008. The IET also worked with the East Midlands Development Agency to create the IET East Midland Innovation in Engineering Award.

IET Discover has been launched as a collaborative web-based knowledge resource and uses peer recommendation and trend analysis to provide a more intelligent search result based on community input.

The Institution's web-based multimedia service, IET.tv, has continued to expand with 730 new presentations added during 2007 (2006: 661), and a 45% increase in the number of content views. The content scope was broadened throughout the year to include editor interviews, conference news and content for schools. Technical developments included the upgrade of the network infrastructure to provide scalability for future activity, the launch of the first podcasts/MP3 downloads and activation of a link to the JANET network – an organisation which connects the UK's education and research bodies to each other, as well as to the rest of the world through the Internet.

Research Publications

The objectives of our research publications are to elicit and disseminate peer-reviewed research findings, and provide tools to enable researchers to identify relevant material within the global knowledgebase. Members comprise only a minority of authors, reviewers and readers of these publications which are targeted at the global research community.

Two new titles to address developing technology areas, *Renewable Power Generation* and *Synthetic Biology,* were added to the portfolio, taking the total number of journals to twenty-two. A new Journal-based event (Academic Insight Talks) was held in July and filmed on IET.tv.

There were increases in the number of author submissions to *Electronic Letters* journals by 7% (2007: 4,861), and to research journals by 3% (2007: 4,477).

Following the comprehensive strategic review of Inspec last year it was decided that a new delivery platform, *Inspec Direct*, should be built to provide improved functionality to end-users. Prototypes have been tested by over 40 users, both external and internal to the IET to refine functionality. The new service became available in January 2008.

Work to replace the outdated Inspec production workflow systems completed this year and the new system, IDEAS, went live in July 2007. The extent of the development of the IDEAS project was more than expected and the live system is being stabilised over an extended period.

The Inspec content development strategy has continued through 2007 with the strengthening of Mechanical and Production Engineering and an overall total of 468,000 articles have been added to the database in 2007 (2006: 525,000). The Customer Satisfaction Score improved to 88% in 2007 (2006: 84%).

The IET/IEEE Electronic Library (IEL) collaboration continues to provide a significant channel to disseminate primary journals, magazines and conference information for both organisations in the face of significant commercial competition. Usage of the product has continued to grow during 2007.

In common with the Institution's practitioner publications, many IET research publications are sold at prevailing commercial rates and generate a surplus against the costs of production and distribution. These surpluses are used to fund other areas of IET activity which may not be self-sustaining; notably the IET's work to enthuse and educate young people about science, engineering and technology.

Library Services have continued to increase the breadth and availability of digital content with over 900 full-text e-books (2006: 500) and almost 8,000 e-journals (2006: 7,000) now available to members online. These e-books and e-journals received 29,000 user sessions in 2007, a growth of 35%.

Practitioner Publications

The IET's magazines aim to provide material to support continuing professional development among members and other subscribers. A particular emphasis is placed on encouraging multi-disciplinary engagement. As well as publishing the British Standard in respect of Wiring Regulations, the Institution aims to encourage best practice throughout the wiring installation sector by providing relevant guidance notes.

Significant work has been carried out in 2007 to merge seven bimonthly sector based magazines and the members magazine into a single fortnightly *Engineering & Technology* magazine launched in January 2008. The new magazine provides readers with access to a wider range of disciplinary content to support new knowledge acquisition.

A full and active participation by the majority of JPEL/64 committee members enabled the updating of the next edition of the Wiring Regulations (17th edition). A new system of working was introduced which was more inclusive and demanded more input from committee members. Despite the increased workload on the committees, publication of the 17th edition of the Wiring Regulations has been kept on schedule to enable publication in January 2008.

New products launched in 2007 include the second City & Guilds Exam Success book and Earthing and Bonding book. The Online Wiring Regulations will go live in early 2008.

Qualification and Assurance

Qualification targets for CEng/IEng in 2007 were not achieved (759 compared to 2,626 in 2006), partly due to an abnormally high activity in previous years driven by the SARTOR 2 deadline as well as a continuation of a general cross-category downwards registration trend. In addition, a limited number of applications for EngTech were received in 2007.

As part of expanding engagement with the technician community a further nine Advanced Apprentice schemes have been approved and six more NVQs have been mapped against the EngTech qualification to encourage and simplify registration.

The Volunteer Support Unit has focused on communications and training for over 2,000 active volunteers across the globe engaged in the qualifications processes, including two conferences and other workshops, as well as dedicated webpages and a newsletter.

Significant improvements have been made in processing times as decision-making has switched to a more flexible electronic method. Average processing times for the administration of CEng/IEng have fallen below 18 weeks from a benchmark of 30 weeks in 2006. The 2007 EC^{UK} Annual Audit Review was also successful, with all licences and Special Approved Routes being renewed for a five year period.

Thirty-three accreditation visits were made to universities and colleges in the UK (2006: 27), with 5 being arranged via the Engineering Accreditation Board and a further 7 being joint visits with other institutions. The accreditation team undertook four visits to non-UK Universities including one to the Beijing University of Posts and Telecommunications. New processes were implemented to improve the quality and efficiency of visits and to integrate good practice from former IIE and IEE processes. A total of 203 academic programmes were reviewed during the year.

40 Professional Development Scheme accreditation visits to employers were carried out by the year end (2006: 23), demonstrating the increasing popularity of this service which signposts high quality training and professional development programmes to those at the beginning of their engineering career. Organisations such as Rolls Royce, BAE Systems, Transport for London and the National Air Traffic Services were successful in achieving accreditation. Strong relationships with Sector Skills Councils, especially SEMTA, were maintained, providing the opportunity for IET to advise on the development of future qualifications.

The Career Manager software tool for professional development launched in 2006 has attracted 3,400 individual users in the first 12 months, notably those working towards registration. Twenty-eight employer workshops have been run and a significant number of employers have shown an interest in deploying the product at a corporate level.

The Institution has an objective to grow the numbers qualifying over the medium term, with a particular emphasis on encouraging greater registration for EngTech.

Enthusing and Educating Young People

The IET aims to support the delivery of SET education in schools and colleges, and encourage young people to consider a career in engineering and technology.

The 2007 Faraday Lecture was attended by 30,000 individuals at ten UK venues and six in Asia, a 19% reduction on the 2006 figures. Satisfaction with the event continues to be high with 82% rating the event as good or excellent. Attendance was limited by the nature of the topic Winning Formula (Motor Sport) which did not link strongly to the UK curriculum, as well as the difficulties for teachers in arranging logistics. Outside the UK attendances were high but there were issues of language and a mixed age-range.

Significant project work has been undertaken in 2007 to formulate a revised approach to Faraday and has included a research programme to identify how the needs of teachers and students can best be met, as well as the planning of a more inclusive, higher-impact programme to include more in-school activities, on-going web resources and greater levels of participation. The global role of Faraday has also been reviewed in light of the high cost of touring outside the UK, and the relatively positive attitudes to SET careers already apparent in Asia.

Other IET in-school activity has been on a collaborative basis, including 21 projects through SETPOINT, the 4x4 Challenge for 36 schools, the ongoing network of Young Engineers Clubs and competitions. A range of careers and support material is also provided to schools and students.

The IET has continued its support of electronics training for teachers, funding 77 training places in 2007 and providing professional development material through Electronics Education distributed to 10,000 teachers.

A report was commissioned on 'Industry and the School Curriculum' in Scotland to help inform the Scottish Executive on key issues across Science, Technology, Engineering & Mathematics.

The dedicated Circuit website for students and young professionals remained the IET's most successful on-line community with 16,000 – 21,000 unique users a month and a registered user base of 12,348. This specific site has been fully integrated into the new website and features a specialised IET.tv site to introduce new members to products and services across the IET and encourage them to get involved.

Particular emphasis has been placed on encouraging women to enter the engineering profession through the wide-spread publicity obtained for the Young Woman Engineer and Apprentice of the Year Awards, the continued provision of scholarships for outstanding young women students and support of the Equalitec project which has sought to encourage and enable employers to attract women returning to the ICT professions after a career break.

A total of £346,000 was dispersed in undergraduate and postgraduate scholarships, travel awards and prizes (2006: £259,000). The IET continues to attract industry sponsorship across its scholarships awards and prizes programme. Sponsorship is used to fund marketing campaigns which reach all schools and universities in the UK and increasingly extend to educational establishments in other countries where the IET wishes to increase its impact. The number of applications for the non-UK awards tripled in 2007.

Membership Contribution

The IET operates as a membership body with the objectives of bringing individuals engaged in engineering and technology into contact with each other to share knowledge, undertake learning through the range of IET products and services, and take part in organising the Institutions many activities.

The total number of members at the end of 2007 stood at 154,300 (2006: 154,700). Recruitment of new members was buoyant during the year, with more than 13,900 new members joining compared with 10,650 during 2006. However, the retention rate amongst those who had been in membership for less than 3 years was particularly challenging and exit surveys show that many within this category had not become involved in IET activities.

The Volunteer Conference in April proved a successful way to share best practice and increase communication between volunteer and staff groups. Representatives of the volunteer group have also been invited to visit the administrative headquarters in Hertfordshire to improve the mutual understanding of roles and activities among the staff and volunteer team.

Specialised conferences for the Professional Registration Advisors, both UK and International, have also been held, and a Volunteer Induction Session created and made available through the medium of IET.tv for people contributing to all aspects of qualifications advice and assessment. Dedicated web pages tailored to the needs of the volunteer communities supporting Qualifications and Local Networks have been developed.

The Trustees greatly value the financial and time contribution made by members recognising that IET is dependent on the efforts of thousands of unpaid volunteers who give their time and expertise to boards and committees, providing governance and generating events and professional development activities as well as involvement in the qualification and publishing processes.

The Institution awarded the Faraday Medal, its highest honour, to Professor Steve Furber, one of the leading developers of personal computing.

The Local Networks have held more than 1,100 events during the past year attracting a total audience well over 14,000 people world wide. There has been an increasing emphasis in the UK on reaching out to the wider community to interest the general public in engineering issues. Of particular note were an event in Lancashire; "Nuclear Power – the way forward", "A Carbon Neutral House – is it possible or desirable?" in Scotland, one in Sussex entitled "Climate change, real or imagined, and what, if anything to do about it" and "Cross the Sail Bridge" in South Wales which made the engineering history of the region come alive for school children and their families.

Plans for Future Periods

The IET's Corporate Plan anticipates continued growth in the positive impact delivered by the combined organisation, through greater levels of engagement in knowledge sharing activities. This will see an increase in activity in India and China, including collaborative working, and investment in enhanced web-services to encourage interaction and the quality of content. Higher levels of engagement with published content, physical events and membership of the Institution are anticipated.

The decline in EC^{UK} qualification rates is recognised as a key issue in maintaining and developing the value of the engineering community in the UK. Initiatives will be developed to reverse the recent adverse trends experienced.

Financial Review

The Consolidated Statement of Financial Activities on page 17 reflects the merger of the IEE and the IIE on 31 March 2006 under Financial Reporting Standard 6 (FRS 6) "Acquisitions and Mergers" as described in Note 1(b) to the Accounts. The activities undertaken in the year were carried out within the framework of budgetary control approved by the Trustees.

Income generated during the year amounted to £47.8m (2006: £48.5m). Income from Research Publications was £2.2m lower than last year, due largely to the weakness of the US dollar, as many customers are billed in US dollars. This was offset by increases in Membership Contribution and Trading Company income.

Income Source	***£m***	***%***
Trading Companies	7.7	16
Investment and Other Income	2.1	4
Incoming Resources from Charitable Activities:		
Research publications	16.6	35
Membership contribution	12.0	25
Practitioner publications	5.6	12
Knowledge Sharing among Engineers	3.1	7
Other	0.7	1
TOTAL	47.8	100

All the incoming resources of the charity alone have been deployed on charitable activities as shown in Note 21. The trading companies contributed a net £3.6m. Overall the IET's reserves grew by £0.9m, reflecting an increase in the value of our investments of £4.4m and the inclusion of a £0.6m actuarial gain in complying with FRS17. Additional activities were delivered in 2007 and new activities have been identified for 2008 to further grow charitable activities. The main areas of expenditure in the year were as follows:

	£m	***%***
Resources Expended		
Research Publications	15.8	34
Knowledge Sharing among Engineers	8.5	18
Practitioner Publications	8.0	17
Membership Contribution	7.1	16
Qualification and Assurance	2.8	6
Enthusing and Educating Young People	2.6	6
Public Policy and Awareness	1.4	3
Total Expenditure on Charitable Activities	46.2	100
Trading activities and Investment Management Fees	4.3	
Governance	1.3	
Total Resources Expended	51.8	

The Balance Sheet total on Page 18 has increased in the year by £0.9m. The more significant movements are:

- Investments, which have increased in value by £1.3m. £4.0m cash was transferred from the investment managers during the year and realised and unrealised gains totalled over £4.4m.
- Adjustment has been made in accordance with FRS17 to recognise movements on the assets and liabilities of the IET defined benefit pension schemes. There was an actuarial gain of £0.6m during the year on the two defined benefit pension schemes.
- Additional contributions were made to the IET pension scheme during the year of £1.7m, which impacted both cash and the pension scheme liability.

Trading Activities

The net contribution to the IET of trading activity undertaken to raise funds for its charitable purposes increased to £3.6m (2006: £3.4m). IEE Conventions Limited's share of the profits of International Broadcasting Convention Partnership, in which the IET has a 34% share, was £1.3m (2006: £1.3m). On 1 October 2007, the IET transferred its professional magazine production and on-line recruitment advertising activities to IET Services Limited, a wholly owned subsidiary, for a consideration of £600,000. As a result of the acquisition, 30 employees of the Institution of Engineering and Technology transferred to IET Services Limited. IET Services Limited also operates the rental of surplus IET accommodation businesses.

Reserves Policy

It is the policy of the IET to establish designated funds for specific purposes as appropriate, including the replacement and maintenance of the IET's buildings & facilities, developing existing activities, and to fund identified new initiatives. The funds and their presentation in the Financial Statements have been reviewed during the year and the purposes for which they are now held is described in note 17.

The balance of unrestricted funds represents the General Funds of £72m (2006: £67m). At the approval of the trustees these funds may be utilised to fund further projects in support of the IET's charitable objectives.

In reviewing the level of general funds the Trustees believe that a number of factors should be taken into account for the continuing financial health of the IET and in meeting its future commitments, development aims and in managing its risks. The General Funds have been segmented to meet these requirements and are described in note 17 to these accounts. The IET faces a number of significant risks to the sustainability of its activities, and has identified many opportunities to increase its impact in the future which require net expenditure of funds. The factors generating the increase in total funds reflect capital gains and the accounting adjustments necessary under FRS17 which cannot be relied upon for the IET's ongoing charitable activities. The Trustees are satisfied that the level of the segmented sub-reserves of the general reserve are appropriate for the organisation at the present time and continue to monitor opportunities to deploy the General Reserve over the medium term. The level of reserves and the purpose of the designated funds will continue to be reviewed each year.

Investment Policy

The risk requirement is managed at an overall level by diversifying the investment portfolio between different asset classes and geographic markets which have been agreed with individual managers together with maximum ranges for these allocations.

The IET's investment portfolio is managed by Fidelity Investment Services and Barclays Global Investors in a ratio of approximately 2:3. Fidelity have been set an active Equity brief and Barclays have a balanced passive brief which includes all IET fixed interest holdings. Fidelity and Barclays

have tailored benchmarks agreed with the investment managers, the Total Fund benchmark being a weighted average of the two individual managers' benchmarks. The managers are not limited for investment return purposes, e.g. ethical or income constraint, in any way other than to comply with charity and tax legislation.

The return target for the active manager is to achieve +1.5% from equity investments above the agreed asset class over rolling 3 year periods. The index tracking manager is to track the relevant asset classes at 0.1% tolerance per annum. The performances of these managers are checked independently by the WM Company each quarter and against the 3-year rolling benchmark. Performance is regularly monitored by the Investment Committee with the input of a professional Investment Advisor. The active equity manager appears before the Committee as required to explain performance variances.

The active portfolio has not achieved the targeted long-term out-performance, and following close review by the Investment Committee and professional advice the Trustees agreed to transfer this portfolio to passive management with Barclays Global Investors following the year-end. Overall asset allocations have not been changed.

Reference & 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 H V Bell (appointed 1 October 2007)
Cdre B P S Brooks
Dr N F Chin (appointed 1 October 2007)
Mr C M Earnshaw
Miss M G Fitzgerald (appointed 1 October 2007)
Mr G L Izienicki
Mr J N Loughhead, President
Mr A G O'Neill
Professor M Petrou
Mr C H Porter
Dr K Rajagopal (appointed 1 October 2007)
Mr G G M Robb
Professor C M Snowden
Eur Ing A D Stringer (appointed 1 October 2007)
Mr I R Sturrock

Other Trustees who served during the period of the report:

Mr E N Baines (retired 30 September 2007)
Mrs J M Brownsword (retired 30 September 2007)
Dr N J Burton (retired 30 September 2007)
Mr C W Dennay (retired 30 September 2007)
Professor D M Howard (retired 30 September 2007)
Sir Robin Saxby (retired 30 September 2007)
Professor W T Webb (retired 30 September 2007)

Chief Executive and Secretary

Mr R W McGill

Finance Director

Mr E Almond

Auditors

Horwath Clark Whitehill LLP, St. Bride's House, 10 Salisbury Square, London EC4Y 8EH

Bankers

Barclays Bank Plc, 54 Lombard Street, London EC3V 9EX

Solicitors

Bristows, 100 Victoria Embankment, London EC4Y 0DH

Investment Managers

Barclays Global Investors Limited, 54 Lombard Street, London EC3P 3AH
Fidelity Institutional Asset Management, 25 Cannon Street, London EC4M 5TA

Investment Performance Monitoring

WM Performance Services, 525 Ferry Road, Edinburgh EH5 2AW

Actuaries

Hymans Robertson, One London Wall, London EC2Y 5EA

Structure, Governance and Management

The IET was founded in 1871 and incorporated by Royal Charter in 1921. A Special General Meeting was held on 17 May 2007 to consider proposals to amend the Royal Charter and Bye-laws. The proposals were approved and were subsequently allowed by the Privy Council at its meeting on 14 November 2007. The current Royal Charter and Bye-laws of the IET came into effect from 1 January 2008. Amongst the changes will be the renaming of three of the five categories of membership from 1 January 2008:

- "Student Member" changes to "Student"
- "Member without post-nominals" changes to "Associate"
- "Member with post-nominals" changes to "Member"

The Board of Trustees has approved new Rules of Conduct, which will be published in 2008.

An Order of Council was approved by the Privy Council on 10 August 2007 which states that every member of the Institution of Engineering and Technology who prior to 6 June 2002 was entitled to use the title of Chartered Electrical Engineer may for as long as he remains a member of the Institution continue to use that title.

The Institution of Engineering and Technology has registered as a Charity in Scotland (Registration number SC038698).

The Board of Trustees comprises the charity trustees of the IET. The Members of the Board are the President, two Deputy Presidents, six Vice Presidents and six Ordinary Members. The Deputy Presidents, Vice Presidents and Ordinary Members are elected directly by the IET membership as a whole. The President and Honorary Treasurer are appointed by the Board of Trustees. Trustees are required to retire by rotation after a maximum of 3 years in post.

A Nominations Committee makes recommendations for appointments to the Board of Trustees and reporting Boards not provided for by other mechanisms. The Nominations Committee also makes additional recommendations for the appointment of Ordinary Members to the Board of Trustees as required, taking into consideration the required skill-set for such appointments agreed with the Board of Trustees.

All newly appointed 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 asked to attend an induction seminar delivered by an external expert and have access to the services of the Trustees Office to provide information and support as required.

Organisational Structure and Decision-making

The Trustees meet regularly throughout the year to conduct the business of the IET in accordance with the Charter and Bye-laws and from time to time hold meetings or part thereof, at which Trustees only are present. A formal review of the Board of Trustees' effectiveness during the year provided opportunities to strengthen the way the Board operates and the necessary changes have been implemented.

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 or Special 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 five-year Corporate Plan. The Trustees meet specifically outside of routine Board meetings to review key strategies and organisational objectives, as well as to review and approve the output of the planning process. The Trustees monitor progress on a regular basis against strategic objectives and budgets set out in the Corporate Plan.

The Trustees have established the following structure of Boards and Committees from within the membership to monitor and control key areas of the IET:

> The Audit Committee ensures a sound system of internal controls, risk management and accounting policies are maintained in accordance with corporate governance requirements. The Audit Committee liaises directly with the external auditors including during the planning of the annual audit. Areas of concern identified by the Trustees are discussed with the external auditors and inform the audit plans. Regular reports are received from the Internal Audit Manager with whom the Committee agrees a rolling programme of internal audits. Independent external auditors may also be used to perform audits of certain high income generating activities, such as on-line royalty income, and joint ventures such as the IBC Partnership.
>
> The Finance and Investment Committee ensures the investments of the IET are managed in accordance with the agreed policy and that the policy is consistent with legislation and good practice. It also monitors the performance of both investment portfolios and advisors.
>
> The Nominations Committee has responsibility for recommending those appointments to the Board of Trustees and reporting Boards as already described.
>
> The Remuneration Committee recommends for approval total staff salary budgets, employment policy and the specific contracts and remuneration of the Chief Executive and Secretary and key staff. It is also responsible for approving any remuneration paid to Trustees for services to the IET (see note 13).
>
> Five Boards have also been established to keep under review and guide the operational activities of the IET in accordance with its charitable objectives. These are the Membership and Regions Board, the Publications Board, the Qualifications Board, the Technical and Professional Services Board and the Younger Members Board.
>
> There is also a Council, which debates the future direction and strategy of the IET and provides advice to the Board of Trustees.

Related Parties

The IET owns four active incorporated subsidiaries; the activities and financial contribution to the IET are described in Note 3. These companies operate 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 EC^{UK} and the Engineering & Technology Board. Cooperation includes the development of common standards, shared products, activities and promotional materials.

Risk Management

In addition to the Audit Committee's oversight of internal controls noted above, the Trustees have also implemented a risk management strategy which includes the maintenance and regular review by Trustees and reporting Boards of a corporate risk register. The register documents mitigation strategies adopted by the IET in relation to these risks.

Risk awareness and management is also embedded within the IET's operations through the activities of the Internal Auditor, planning and project management processes, as well as the communication of ethical values, discipline standards and regular employee performance appraisal.
Through the risk management processes established for the IET, the Trustees are satisfied that the major risks identified by the Trustees have been reviewed and systems or procedures have been established to manage those risks. It is recognised that systems can provide reasonable, but not absolute assurances that major risks have been adequately managed.

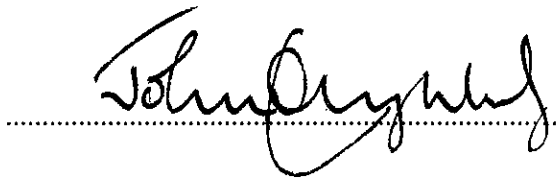
Statement of Trustees' Responsibilities

Charity law 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 at the year end and of its incoming resources and expenditure during that year. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable & prudent
- ensure applicable accounting standards and statements of recommended practice have been followed, subject to any 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 which disclose with reasonable accuracy at any time the financial position of the IET and enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees on 3 March 2008
and signed on their behalf by:



..... Mr J N Loughhead, President

Independent Auditors' Report to the Trustees of the Institution of Engineering and Technology

We have audited the financial statements of the Institution of Engineering and Technology for the year ended 31 December 2007 which comprise the Consolidated Statement of Financial Activities, the Consolidated and IET Balance Sheets, the Consolidated Cash Flow Statement and the related Notes numbered 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity trustees, as a body, in accordance with Regulation 7 of the Charities (Accounts and Reports) Regulations 2005. Our audit work has been undertaken so that we might state to the charity 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 trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective Responsibilities of Trustees and auditors

The Trustees' responsibilities for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities. We have been appointed as auditors' under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the IET has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Trustees' Report and Financial Statements and Annual Review and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the IET, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the IET and the Group as at 31 December 2007 and of the Group's incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

Horwath Clark Whitehill LLP

Horwath Clark Whitehill LLP
Chartered Accountants and Registered Auditors
3 March 2008

St Bride's House
10 Salisbury Square
London EC4A 3LN

Consolidated Statement of Financial Activities for the year ended 31 December 2007

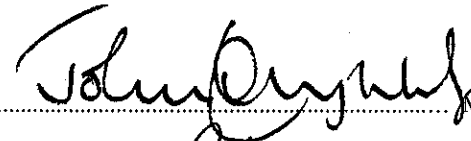
	Notes	Unrestricted Funds £000	Restricted Funds £000	**Total Funds 2007 £000**	Total Funds 2006 £000
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary Income					
Donations		-	299	**299**	2
Legacies		-	-	**-**	10
Activities for generating funds					
Trading Companies	3	7,728	-	**7,728**	6,847
Investment and Other Income	2	1,958	98	**2,056**	2,426
Incoming resources from charitable activities:					
Public Policy and Awareness		37	-	**37**	94
Knowledge Sharing among Engineers		3,082	-	**3,082**	4,124
Research Publications		16,633	-	**16,633**	18,875
Practitioner Publications		5,559	-	**5,559**	5,453
Qualification and Assurance		268	-	**268**	233
Enthusing and Educating Young People		82	-	**82**	20
Membership Contribution		12,012	-	**12,012**	10,431
Total Incoming Resources	1(e)	**47,359**	**397**	**47,756**	48,515
RESOURCES EXPENDED	5				
Costs of generating funds:					
Trading Companies	3	4,166	-	**4,166**	3,411
Investment Management Fees		161	9	**170**	147
		4,327	**9**	**4,336**	3,558
Net incoming resources available for charitable application		**43,032**	**388**	**43,420**	44,957
Charitable Activities					
Public Policy and Awareness		1,380	-	**1,380**	1,618
Knowledge Sharing among Engineers		8,470	-	**8,470**	9,533
Research Publications		15,859	-	**15,859**	15,031
Practitioner Publications		7,967	-	**7,967**	7,090
Qualification and Assurance		2,816	-	**2,816**	2,557
Enthusing and Educating Young People		2,168	411	**2,579**	1,641
Membership Contribution		7,161	-	**7,161**	5,741
		45,821	411	**46,232**	43,211
Governance Costs	1(f)	1,278	-	**1,278**	986
Merger Costs		-	-	**-**	1,585
Total Resources Expended	1(f), 5	**51,426**	**420**	**51,846**	49,340
Net Outgoing Resources before Transfers	4	**(4,067)**	**(23)**	**(4,090)**	(825)
Transfers between Funds	17	28	(28)	**-**	-
Net Outgoing Resources before investment gains		(4,039)	(51)	**(4,090)**	(825)
Investment Gains	14, 17	4,185	259	**4,444**	6,542
Pension Scheme Actuarial Gain (FRS 17)	18	592	-	**592**	3,223
NET MOVEMENT IN FUNDS		738	208	**946**	8,940
Fund Balances at 1 January 2007		106,419	6,511	**112,930**	103,990
Fund Balances at 31 December 2007	16, 17	**107,157**	**6,719**	**113,876**	112,930

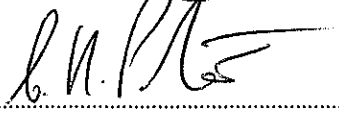
Consolidated and IET Balance Sheets
as at 31 December 2007

		GROUP		IET	
		2007	2006	**2007**	2006
	Notes	**£000**	£000	**£000**	£000
FIXED ASSETS					
Tangible Assets	8	**14,776**	14,724	**14,724**	14,716
Investments	14	**106,960**	105,640	**107,260**	105,640
		121,736	120,364	**121,984**	120,356
CURRENT ASSETS					
Stocks	9	**281**	287	**233**	287
Debtors	10	**5,365**	5,205	**6,911**	5,229
Payments in advance		**1,103**	1,298	**1,037**	1,268
Cash at bank and in hand		**12,903**	6,406	**10,458**	5,015
		19,652	13,196	**18,639**	11,799
CURRENT LIABILITIES					
Creditors	11	**8,234**	5,685	**8,004**	5,391
Amounts received in advance		**15,622**	8,029	**14,697**	7,128
		23,856	13, 714	**22,701**	12,519
NET CURRENT LIABILITIES		**(4,204)**	(518)	**(4,062)**	(720)
TOTAL ASSETS LESS CURRENT LIABILITIES EXCLUDING PENSION LIABILITY		**117,532**	119,846	**117,924**	119,636
Pension Scheme Liability	18	**(3,656)**	(6,916)	**(3,656)**	(6,916)
NET ASSETS INCLUDING PENSION LIABILITY		**113,876**	112,930	**114,266**	112,720
FUNDS:					
Unrestricted Funds:					
General Funds	17	**72,187**	67,275	**72,787**	67,275
Designated Funds	17	**38,626**	46,060	**38,416**	45,850
		110,813	113,335	**111,203**	113,125
Restricted Funds	17	**6,719**	6,511	**6,719**	6,511
TOTAL FUNDS BEFORE PENSION LIABILITY		**117,532**	119,846	**117,922**	119,636
Pension Scheme Funding Reserve	18	**(3,656)**	(6,916)	**(3,656)**	(6,916)
TOTAL FUNDS INCLUDING DEFICIT ON PENSION SCHEME RESERVE	17, 18	**113,876**	112,930	**114,266**	112,720

The notes on pages 20 to 36 form part of these financial statements.

Approved by the Trustees on 3 March 2008
and signed on their behalf by:


..... Mr J N Loughhead, President


..... Mr C H Porter, Honorary Treasurer

Consolidated Cash Flow Statement
for the year ended 31 December 2007

	Notes	**2007 £000**	2006 £000
Net cash inflow/(outflow) from operating activities	19	**2,338**	(11,800)
Returns on investments and servicing of finance			
Interest received		**392**	492
Dividends received		**1,664**	1,934
Investment management fees		**(170)**	(147)
Rent received		**16**	55
		1,902	2,334
Capital expenditure			
Purchase of tangible fixed assets		**(892)**	(223)
Sale of equipment		**25**	-
		(867)	(223)
Management of liquid resources			
Purchase of investments		**(38,522)**	(29,689)
Sale of investments		**41,253**	34,272
Decrease/(Increase) in investment cash		**393**	(351)
(Increase)/Decrease in cash on term deposits		**(150)**	6,000
		2,974	10,232
Increase in short term deposits and cash at bank and in hand	20	**6,347**	543

Notes on the accounts
for the year ended 31 December 2007

1 ACCOUNTING POLICIES

a) Accounting Basis

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with applicable accounting standards and comply with the current Statement of Recommended Practice "Accounting and Reporting by Charities" (the Charities SORP) issued in March 2005 and with the Charities Act 1993.

b) Basis of Consolidation

The Group accounts incorporate the financial statements of the IET and its subsidiary companies for the year ended 31 December 2007.

The accounts include the financial statements of International and UK Local Networks for the year ended 30 September 2007.

The merger of The Institution of Electrical Engineers (IEE) and The Institution of Incorporated Engineers (IIE) on 31 March 2006 has been accounted for using the merger accounting principles set out in Financial Reporting Standard 6. As such, the financial information for the year ended 31 December 2006 has been presented as if the IEE and the IIE had been merged throughout the whole of that year.

c) Depreciation

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

Category	*Method*	*Rate/Life*
Furniture, fittings and equipment	Straight-line	10 years
Motor vehicles & computer equipment	Straight-line	4 years
London Crown leases	Straight-line	50 years
Michael Faraday House (Stevenage)	Straight-line	50 years
Scottish Engineering Centre (Glasgow)	Straight-line	50 years
Midlands Engineering Centre (Birmingham)	Straight-line	50 years

Depreciation of the Leasehold properties in London and Birmingham is, from 2003, on a straight-line basis over 50 years commencing 1 January 2003. Depreciation of the Leasehold property held in the joint venture is also on a straight-line basis over the term of the lease.

Freehold and long leasehold properties are capitalised at historic cost. From 1 January 2005, other assets costing less than £2,500, and the cost of computer software, are written off in the year of purchase. The IET does not capitalise its collection of publications in the Library or archive material as a valuation is not readily available and there is no intention for resale.

Effective 1 January 2007, the estimation technique for calculating the depreciation on furniture, fittings and equipment changed from 20% reducing balance to a straight line basis over 10 years. In accordance with FRS18 this is not treated as a change in accounting policy. The impact of the change on the depreciation charge for the year is to increase the charge by £175,000.

d) Stocks & Work-In-progress

Stocks and work in progress are valued at the lower of cost and net realisable value, including a proportion of attributable overhead expenses where appropriate.

e) Incoming Resources

Incoming resources are accounted for on an accruals basis, except in the case of membership subscriptions and subscriptions for journals and electronic services which are dealt with on a cash received basis for the current year, with any receipt in respect of future years being shown as received in advance.

Royalties are also dealt with on a cash received basis, with accrual made for income not yet received, based on information provided by the licensees.

f) Resources Expended

The IET's Governance Costs include audit fees and administration costs. Charitable Expenditure includes direct costs and support costs. Administration and accommodation support costs have generally been allocated on a departmental staff cost and area occupied basis.

g) Investments

Investments are included in the balance sheet at their mid-market values at 31 December 2007 as notified by the Investment Managers.

Investment income is accounted for on an accrual basis, with account taken of the tax credit at the time of receipt of the net income.

h) 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 revenue account.

i) Leasing and Hire Purchase

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

j) Liabilities

Liabilities are recognised when the IET has an obligation to make payment to a third party.

k) Pension Costs

In accordance with "FRS 17 - Retirement 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 gains and losses categories of the SOFA under the heading "Pension Scheme Actuarial Gain (FRS 17)". The provisions of "FRS 17 - Retirement Benefits" have been fully complied with and the relevant disclosures are made in note 18. Contributions to the defined contributions scheme are charged in the SOFA in the year they are made.

2 INVESTMENT AND OTHER INCOME

	2007	2006
	£000	£000
Income from investments	**1,664**	1,934
Interest received	**392**	492
	2,056	2,426

3 TRADING ACTIVITIES

The Group's financial statements incorporate those of the IET's wholly owned subsidiary companies, IET Services Limited, IEE Conventions Limited, INSPEC Inc and IEE Inc. All the companies are wholly-owned subsidiaries of the IET.

IET Services Limited (IETSL) is incorporated in the United Kingdom. It provides contract publishing, information, computer, conference and recruitment services, and rent of surplus IET accommodation and related services such as catering. On 1 October 2007, the IET transferred its professional magazine production and on-line recruitment advertising activities to IET Services Limited, a wholly owned subsidiary, for a consideration of £600,000. The net profits from all these services are donated to the IET under the Gift Aid Scheme.

IEE Conventions Limited (IEECL) is incorporated in the United Kingdom. The principal activity of IEECL is the provision of conference and exhibition services. The accounts include the Company's 34% share of its joint venture in the International Broadcasting Convention Partnership.

The IET's charitable activities in the USA are conducted through US-registered subsidiary companies; INSPEC Inc and IEE Inc. Total expenditure of INSPEC Inc included in the accounts was £537,146 (2006: £553,663) and of IEE Inc £nil (2006: £11,175).

The profit and loss account of both IETSL and IEECL are set out below, and summary balance sheets in note 15.

	IETSL	IEECL	Inter Group Trading	Total	Total
	2007	**2007**	**2007**	**2007**	2006
	£000	**£000**	**£000**	**£000**	£000
Turnover	3,901	3,827	-	**7,728**	6,847
Cost of Sales	2,292	1,851	(1,120)	**3,023**	2,492
Gross Profit	1,609	1,976	1,120	**4,705**	4,355
Distribution Costs	341	-	-	**341**	1
Administration expenses	77	725	-	**802**	917
Net Operating Profit	1,191	1,251	1,120	**3,562**	3,437
Less Gift Aid Payments:					
IET	(1,191)	(1,251)	-	**(2,442)**	(2,375)
Incorporated Benevolent Fund of the IET	-	-	-	**-**	(1)
Profit on Ordinary Activities before Tax	-	-	1,120	**1,120**	1,061
Tax on ordinary activities	-	-	-	**-**	-
Funds Retained by Subsidiary	-	-	-	**-**	4
Funds Retained by Charity	-	-	1,120	**1,120**	1,057

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

4 NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging:

	2007	2006
	£000	£000
Depreciation	**812**	698
Payments under operating leases:		
- Land and buildings rents	**240**	238
- Other	**127**	163
Auditors' remuneration:		
- Audit	**36**	34
- Other services	**49**	13

5 ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff Costs 2007 £000	**Other 2007 £000**	**Depreciation 2007 £000**	**Total 2007 £000**	Total 2006 £000
Costs of generating funds:					
Trading Companies	909	3,247	10	**4,166**	3,411
Investment Management Fees	-	170	-	**170**	147
	909	3,417	10	**4,336**	3,558
Charitable Activities					
Public Policy and Awareness	1,261	54	65	**1,380**	1,618
Knowledge Sharing Among Engineers	3,019	5,245	206	**8,470**	9,533
Research Publications	5,681	9,997	181	**15,859**	15,031
Practitioner Publications	2,009	5,839	119	**7,967**	7,090
Qualification and Assurance	1,654	1,122	40	**2,816**	2,557
Enthusing and Educating Young People	248	2,306	25	**2,579**	1,641
Membership Contribution	2,216	4,786	159	**7,161**	5,741
Governance costs	178	1,093	7	**1,278**	986
Merger costs	-	-	-	**-**	1,585
	16,266	30,443	802	**47,510**	45,782
Total Resources Expended	17,175	33,860	812	**51,846**	49,340

6 EMPLOYEES

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

	2007 £000	2006 £000
Payroll costs:		
Salaries and overtime	**14,723**	12,677
Social Security	**1,343**	1,208
Pension and other benefits	**1,109**	2,619
Total Group Employment Costs	**17,175**	16,504
Less :		
Cost of staff work on trading companies' activities	**(909)**	(501)
Employment Costs of the Institution	**16,266**	16,003

The average monthly number of full time equivalent staff employed by the IET in the year was 416 (2006: 409) and by the Group was 434 (2006: 421), made up as follows:

	2007 Number	2006 Number
Public Policy and Awareness	**26**	22
Knowledge Sharing among Engineers	**73**	62
Research Publications	**73**	79
Practitioner Publications	**48**	42
Qualification and Assurance	**16**	17
Enthusing and Educating Young People	**10**	8
Membership Contribution	**74**	78
London & Regional Engineering Centres Meetings Facilities	**32**	30
Facilities, Finance, HR and IT	**79**	80
Governance and Legal Affairs	**3**	3
	434	421

30 staff were transferred from the IET to IET Services Limited on 1 October 2007. At 31 December 2007, IET Services Limited had 29 employees. No staff are employed by IEE Conventions Limited.

The numbers of employees whose emoluments, excluding pension costs, exceeded £60,000 were within the following bands:

	2007 Number	2006 Number
£60,000 - £69,999	**5**	6
£70,000 - £79,999	**4**	3
£80,000 - £89,999	**3**	-
£90,000 - £99,999	**1**	1
£100,000 - £109,999	**1**	2
£110,000 - £119,999	**3**	1
£140,000 - £149,999	**-**	1
£150,000 - £159,999	**1**	-
£160,000 - £169,999	**-**	1
£240,000 - £249,999	**-**	1
£360,000 - £369,999	**1**	-

9 of the above employees were in the IET's defined benefit pension scheme (2006: 11) and 6 employees were in the defined contribution scheme (2006: 2). Pension payments in respect of the defined contribution scheme totalled £36,951 (2006: £13,900).

The emoluments for the highest paid employee during 2007 included relocation costs of £120,000 and payments in lieu of pension contributions of £30,000.

7 SUPPORT COSTS

	2007 £000	2006 £000
Corporate	**724**	642
Offices, Library and Warehouse Facilities	**2,352**	2,178
Finance	**2,102**	2,165
Human Resources	**1,432**	1,256
IT	**3,861**	3,181
Property	**1,016**	639
London and Regional Engineering Centres Meeting Facilities	**1,577**	2,863
Direct Support Costs	**1,071**	2,540
Total Support Costs	**14,135**	15,464

Basis for Support Costs Allocation

Support costs are allocated to charitable activities as follows:

- Corporate, Finance, Human Resources and Direct Support Costs on a staff cost basis
- Offices, Library and Warehouse Facilities on an area occupied basis
- IT direct allocation to projects and the number of employees
- Property direct allocation to projects
- London and Regional Engineering Centre Meeting Facilities on incoming resources.

8 FIXED ASSETS - Group

	IET and IEECL Buildings and Crown Leases	Michael Faraday House	Furniture and Equipment	Regional Centres	**Total**
	£000	£000	£000	£000	**£000**
Cost:					
At 1 January 2007	6,129	6,474	7,553	5,096	**25,252**
Additions	42	-	850	-	**892**
Disposals	(32)	-	(57)	-	**(89)**
Assets no longer in use	(171)	-	(2,431)	-	**(2,602)**
At 31 December 2007	5,968	6,474	5,915	5,096	**23,453**
Accumulated Depreciation:					
At 1 January 2007	1,318	1,937	6,503	770	**10,528**
Depreciation for the year	109	109	495	99	**812**
Disposals	(32)	-	(29)	-	**(61)**
Assets no longer in use	(171)	-	(2,431)	-	**(2,602)**
At 31 December 2007	1,224	2,046	4,538	869	**8,677**
Net book value:					
At 31 December 2007	**4,744**	**4,428**	**1,377**	**4,227**	**14,776**
At 31 December 2006	**4,811**	**4,537**	**1,050**	**4,326**	**14,724**

IET

	IET and IEECL Buildings and Crown Leases	Michael Faraday House	Furniture and Equipment	Regional Centres	**Total**
	£000	£000	£000	£000	**£000**
Cost:					
At 1 January 2007	6,097	6,474	7,487	5,096	**25,154**
Additions	-	-	838	-	**838**
Disposals	-	-	(47)	-	**(47)**
Assets no longer in use	(171)	-	(2,431)	-	**(2,602)**
At 31 December 2007	5,926	6,474	5,847	5,096	**23,343**
Accumulated Depreciation:					
At 1 January 2007	1,286	1,937	6,445	770	**10,438**
Depreciation for the year	105	109	489	99	**802**
Disposals	-	-	(19)	-	**(19)**
Assets no longer in use	(171)	-	(2,431)	-	**(2,602)**
At 31 December 2007	1,220	2,046	4,484	869	**8,619**
Net book value:					
At 31 December 2007	**4,706**	**4,428**	**1,363**	**4,227**	**14,724**
At 31 December 2006	**4,811**	**4,537**	**1,042**	**4,326**	**14,716**

9 STOCKS

	Group		IET	
	2007	2006	**2007**	2006
	£000	£000	**£000**	£000
Publications and work in progress	**222**	279	**222**	279
Paper, stationery and postage	**11**	8	**11**	8
Other stocks	**48**	-	**-**	-
	281	287	**233**	287

10 DEBTORS

	Group		IET	
	2007	2006	**2007**	2006
	£000	£000	**£000**	£000
Trade debtors	**2,638**	3,529	**1,233**	2,610
Other debtors	**2,156**	1,020	**2,093**	1,018
Accrued income	**571**	656	**571**	656
Amounts due from subsidiaries	**-**	-	**3,014**	945
	5,365	5,205	**6,911**	5,229

11 CREDITORS: Amounts falling due within one year

	Group		IET	
	2007	2006	**2007**	2006
	£000	£000	**£000**	£000
Trade creditors	**5,572**	2,875	**4,767**	2,679
Taxation and NI costs	**613**	416	**584**	416
Other creditors	**1,180**	1,845	**1,055**	1,756
Accruals	**869**	549	**699**	540
Amounts due to subsidiaries	**-**	-	**898**	-
	8,234	5,685	**8,003**	5,391

12 COMMITMENTS

Annual commitments for equipment under non-cancellable operating leases of the Group and IET are as follows:

	2007	2006
	£000	£000
Expiry date:		
- within one year	**14**	69
- between two and five years	**88**	82
	102	151

13 TRUSTEES AND RELATED PARTY TRANSACTIONS

During the year, travelling and subsistence expenses totalling £112,078 were incurred by 20 Trustees on behalf of the IET (2006: £62,258 by 19 Trustees).

In the prior year, members of the IIE Council were reimbursed in connection with attendance at Council and Executive Committee meetings. Expenses reimbursed, together with the costs of such meetings, in the year ended 31 March 2006 amounted to £20,837.

None of the Trustees, or persons connected with them, received remuneration for any service to the IET this year or last year.

Trustee liability insurance cover was placed during the year, at a cost of £52,417 (2006: £52,083). The IIE had in place professional indemnity insurance in the year ended 31 March 2006 at an annual cost of £6,562.

14 INVESTMENTS

	Group £000	IET £000
Market Value at 1 January 2007	105,640	105,640
Acquisitions at Cost	38,522	38,822
Proceeds from Sale of Investments	(41,253)	(41,253)
Decrease in Investment Cash	(393)	(393)
Net Investment Gains	4,444	4,444
Market Value at 31 December 2007	106,960	107,260
Historical Cost at 31 December 2007	83,110	83,410
Unrealised Gains	23,850	23,850
Realised Gains based on Historic Cost	2,803	2,803

Analysis of Investments

	Group		IET	
	2007 £000	2006 £000	**2007 £000**	2006 £000
Subsidiary undertakings	**-**	-	**300**	-
Listed	**80,538**	78,537	**80,538**	78,537
Trusts	**25,993**	26,259	**25,993**	26,259
Cash	**429**	844	**429**	844
	106,960	105,640	**107,260**	105,640

The IET's investment in subsidiary undertakings at 31 December 2007 was £300,102 (31 December 2006: £102). On 1 October 2007 the IET subscribed for 300,000 £1 Ordinary Shares at par in IET Services Limited. The following individual holdings included in the portfolio represent more than 5% by value of the total:

Barclays Global Investors Ltd. Charitrak UK Equity Index Fund	£29,334,612
Barclays Global Investors Ltd. Gilttrak Accumulating Share Class	£20,921,629

15 SUBSIDIARY UNDERTAKINGS

At 31 December 2007, the IET owned the entire issued share capital of IET Services Limited (IETSL) and IEE Conventions Limited (IEECL). The trading results of these companies are shown in note 3 and summary balance sheets presented below:

	IETSL 2007 £000	IETSL 2006 £000	**IEECL 2007 £000**	IEECL 2006 £000
Fixed Assets				
Tangible Assets	**-**	-	**52**	8
Intangible Assets	**600**	-	**-**	-
Current Assets				
Stocks	**47**	-	**-**	-
Debtors	**2,075**	589	**359**	362
Cash at bank and in hand	**466**	7	**1,978**	1,385
Creditors due within one year	**(2,494)**	(502)	**(2,273)**	(1,639)
Creditors due in more than one year	**(300)**	-	**-**	-
Net Assets	**394**	94	**116**	116
Represented by:				
Called-up share capital	**300**	-	**-**	-
Profit & loss account	**94**	94	**116**	116
	394	94	**116**	116

16 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

Fund balances at 31 December 2007 are represented by:

	Unrestricted Funds £000	Restricted Funds £000	**Total Funds 2007 £000**	Total Funds 2006 £000
Tangible fixed assets	13,628	1,148	**14,776**	14,724
Investments	101,389	5,571	**106,960**	105,640
Current assets	19,652	-	**19,652**	13,196
Current liabilities	(23,856)	-	**(23,856)**	(13,714)
Pension scheme liability	(3,656)	-	**(3,656)**	(6,916)
Total net assets	107,157	6,719	**113,876**	112,930

17 RESERVES AND RESTRICTED FUNDS

	Balance at 1 January 2007 £000	Net Investment Gains £000	Net (Outgoing)/ Incoming Resources before Valuations £000	Reserve funded capital expenditure and reserve transfers £000	**Balance at 31 December 2007 £000**
General Funds					
Operations Reserve	22,150	-	-	3,344	**25,494**
Pension Scheme Reserve	10,995	-	-	(1,726)	**9,269**
Revaluation Reserve	11,311	-	-	(191)	**11,120**
General Reserve	22,819	3,932	43	110	**26,904**
Total IET General Funds	67,275	3,932	43	1,537	**72,787**
Designated Funds					
Fixed Assets Reserve	14,724	-	-	52	**14,776**
London Lease Redemption Reserve	971	41	18	105	**1,135**
Invested Building Redemption Reserve	5,054	211	93	208	**5,566**
Building Reserve	10,452	-	(639)	(1,075)	**8,738**
Development and New Initiatives Reserve	14,649	-	(3,581)	(2,867)	**8,201**
Total IET Designated Funds	45,850	252	(4,109)	(3,577)	**38,416**
IEECL Accumulated Fund	116	-	-	-	**116**
IETSL Accumulated Fund	94	-	-	-	**94**
Total Group Designated Funds	46,060	252	(4,109)	(3,577)	**38,626**
Total IET Unrestricted Funds Before Pension Liability	113,125	4,184	(4,066)	(2,040)	**111,203**
Elimination of goodwill on consolidation	-	-	-	(600)	**(600)**
Total Group Unrestricted Funds Before Pension Liability	113,335	4,184	(4,066)	(2,640)	**110,813**
Pension Scheme Funding Reserve	(6,916)	-	-	3,260	**(3,656)**
Total IET Unrestricted Funds After Pension Liability	106,209	4,184	(4,066)	1,220	**107,547**
Total Group Unrestricted Funds After Pension Liability	106,419	4,184	(4,066)	620	**107,157**
IET Restricted Fund	1,176	-	-	(28)	**1,148**
Trust Funds	5,335	260	(24)	-	**5,571**
Total IET Restricted Funds	6,511	260	(24)	(28)	**6,719**
Total IET Funds	112,720	4,444	(4,090)	1,192	**114,266**
Total Group Funds	112,930	4,444	(4,090)	592	**113,876**

The IET's policy is to externally invest the funds, with the exception of the Fixed Assets Reserve, and after allowing for net current assets. The value of the Funds and Investments, where applicable, was as follows:

	Funds £000	Investments £000
Accumulated Reserves	96,037	101,389
Trust Funds	5,571	5,571
Pension Scheme Funding Reserve	(3,656)	-
Fixed Assets Reserve	14,776	-
Restricted Fund	1,148	-
	113,876	**106,960**

During 2007 £4,000,000 cash was transferred from the Investment Managers in accordance with the Investment Policies (2006: cash transferred from the Investment Managers £5,000,000).

Unrestricted Funds

General Funds have been segmented into the following categories:

The Operations Reserve allows operations to continue in the event of financial setbacks and represents six months' expenditure of the IET Group's expected average 3-yearly expenditure.

The Pension Scheme Reserve represents the back service deficit of the defined benefit pension scheme calculated by the Scheme's Actuary as at 31 March 2005 as reduced by additional contributions made into the scheme.

The balance on the **Revaluation Reserve** is normally set at 10% of the value of the IET's unrestricted funds. Subsequent revaluations or shortfalls on realisations of the Institution's investments will be reflected in this Reserve over the medium term during which the Institution's reserves are intended to be utilised.

The Designated Funds are:

The Fixed Assets Reserve represents the net book value of tangible fixed assets. Transfers between this reserve and the London Lease Redemption Reserve and the Invested Building Redemption Reserve represent amortisation and depreciation of the buildings referred to in Note 1(c). Net transfers have also been made to the New Initiatives Reserve representing the depreciation charges on capital expenditure which has been funded from this reserve.

The Invested Building Redemption Reserve and the London Lease Redemption Reserve have 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 at the expiry of the London leases to allow for continuing or alternative accommodation as necessary.

The Building Reserve is to fund the major building renovations identified and planned to be undertaken at IET's premises as set out in the IET's 5 year Corporate Plan 2008 to 2012.

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 2008-2012 as set out in the IET's 5 year Corporate Plan. Sums have been spent this year from this reserve on IT projects including the RM Project.

The results of the FRS 17 valuation are disclosed in more detail in Note 18. The net pension scheme liabilities are disclosed under **The Pension Scheme Funding Reserve.**

Restricted Funds

Government grants offered to support the costs of development of Regional Engineering Centres have been shown as restricted funds and are reduced by the depreciation charges relating to that proportion of the assets acquired by the grants. There currently exists a potential liability to repay grants received should certain conditions of the offer not be met. Non-compliance with these conditions is not anticipated and therefore no provision has been made in the accounts for the cost of such liability occurring.

The IEE Benefactors' Trust Fund has been established to receive donations and bequests from members and others in a tax efficient way and are included in the Institution's accounts as restricted funds. An analysis of these Trust Funds is shown in note 22.

18 LIABILITY FOR FUTURE PENSIONS

Defined Benefit Schemes

The IET Superannuation & Assurance Scheme

The IET operates a funded defined benefit occupational scheme to which both the IET and employees make contributions. 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 pension cost relating to this scheme is normally assessed every three years in accordance with the advice of qualified consulting actuaries. A full actuarial valuation was carried out as at 31 March 2005 by a qualified independent actuary. The main assumptions used by the actuary were (in nominal terms) as follows:

Rate of increase in pensionable salaries	5.00%
Pension increases	3.00%
Discount rate – pre retirement	7.00%
Discount rate – in retirement	5.25%
Inflation assumptions	3.00%

In accordance with the requirements of Financial Reporting Standard 17 the full actuarial valuation at 31 March 2005 was updated by Hymans Robertson, Consulting Actuaries as at 31 December 2007. The major assumptions used by the actuary were:

	2007 % p.a.	2006 % p.a.	2005 % p.a.
Price inflation	**3.50**	2.75	2.50
Pensions increases	**3.50**	2.75	2.50
Salary increases	**5.50**	4.75	4.50
Discount rate	**5.80**	5.10	4.80

The assets of the scheme are held with State Street Global Advisers and F&C Management Limited. The managed funds are invested in a diversified portfolio of investments comprising 80% equities and 20% bonds.

The assets and liabilities of the scheme at 31 December 2007, along with the expected rates of return on scheme assets are as follows:

	Long Term Return % p.a.	**2007 Fund Value £000**	Long Term Return % p.a.	2006 Fund Value £000	Long Term Return % p.a.	2005 Fund Value £000
Equities	**7.40**	**72,239**	7.30	67,346	7.00	57,232
Bonds	**4.40**	**18,060**	4.30	16,836	4.00	14,308
Total value of assets		**90,299**		84,182		71,540
Actuarial value of scheme liabilities		**(93,741)**		(90,684)		(88,365)
Deficit in scheme		**(3,442)**		(6,502)		(16,825)
Irrecoverable surplus		**-**		-		-
Deficit recognised in balance sheet		**(3,442)**		(6,502)		(16,825)
Related deferred tax liability		**-**		-		-
Net pension scheme liabilities		**(3,442)**		(6,502)		(16,825)

Analysis of the amount charged to operating surplus

	2007 £000	2006 £000	2005 £000
Current service cost	**922**	1,768	1,227
Total operating charge	**922**	1,768	1,227

Analysis of the amount credited to other income

	2007	2006	2005
	£000	£000	£000
Expected return on pension scheme assets	**5,622**	4,545	4,051
Interest on pension scheme liabilities	**(4,574)**	(4,239)	(3,973)
Net return	**1,048**	306	78

Analysis of amount recognised in the Statement of Financial Activities (SoFA)

	2007	2006	2005
	£000	£000	£000
Actual return less expected return on pension scheme assets	**1,032**	1,286	8,127
Experience gains and losses arising on the scheme liabilities	**-**	-	(866)
Changes in assumptions underlying the present value of the scheme liabilities	**(468)**	1,804	(8,860)
Actuarial (loss)/gain in pension plan	**564**	3,090	(1,599)
Actuarial gain/(loss) recognised in SoFA	**564**	3,090	(1,599)

Analysis of movement in deficit in the scheme during the year

	2007	2006	2005
	£000	£000	£000
Deficit in the scheme at beginning of year	**(6,502)**	(16,825)	(16,057)
Current Service Cost	**(922)**	(1,768)	(1,227)
Employer contributions	**2,533**	8,965	2,200
Other outgoings	**(163)**	(270)	(220)
Net return	**1,048**	306	78
Actuarial gains/(losses)	**564**	3,090	(1,599)
Deficit in the scheme at end of year	**(3,442)**	(6,502)	(16,825)

History of experience gains and losses

	2007	2006	2005	2004
	£000	£000	£000	£000
Difference between the expected and actual return on scheme assets	**1,032**	1,286	8,127	2,702
Value of scheme assets	**90,299**	84,182	71,540	59,210
Percentage of scheme assets	**1.1%**	1.5%	11.4%	4.6%
Experience (losses)/gains on scheme liabilities	**-**	-	(866)	924
Present value of scheme liabilities	**93,741**	90,684	88,365	75,267
Percentage of the present value of scheme liabilities	**0.0%**	0.0%	(1.0)%	1.2%
Actuarial gains/(losses) recognised in SoFA	**564**	3,090	(1,599)	(2,126)
Present value of scheme liabilities	**93,741**	90,684	88,365	75,267
Percentage of the present value of scheme liabilities	**0.6%**	3.4%	(1.8)%	2.8%

The defined benefit Scheme is closed to new entrants and so the use of the projected unit valuation method required by FRS 17 means that the current service cost, as a proportion of the defined benefit members' earnings, is likely to increase as members approach retirement.

The Institution of Incorporated Engineers Pension and Life Assurance Scheme

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 Institution of Incorporated Engineers Pension and Life Assurance Scheme.

The pension cost relating to this scheme is normally assessed every three years in accordance with the advice of qualified consulting actuaries. A full actuarial valuation was carried out as at 31 October 2004 by a qualified independent actuary. The main assumptions used by the actuary were (in nominal terms) as follows:

Rate of increase in pensionable salaries	4.25%
Discount rate – pre retirement	4.75%
Discount rate – in retirement	4.75%
Inflation assumptions	2.75%

In accordance with the requirements of Financial Reporting Standard 17 the full actuarial valuation at 31 October 2004 was updated by JLT Benefit Solutions Limited, Consulting Actuaries as at 31 December 2007. The major assumptions used by the actuary were:

	2007 % p.a.	2006 % p.a.	2005 % p.a.
Price inflation	**3.50**	2.75	2.50
Pension in payment increases, pre April 1997	**2.80**	2.10	1.75
Pension in payment increases, post April 1997	**5.00**	5.00	5.00
Salary increases	**5.50**	4.75	4.50
Discount rate	**5.80**	5.10	4.75

Scheme assets are held in a separate fund administered by Norwich Union. The assets and liabilities of the scheme at 31 December 2007, along with the expected rates of return on scheme assets are as follows:

	Long Term Return % p.a.	**2007 Fund Value £000**	Long Term Return % p.a.	2006 Fund Value £000	Long Term Return % p.a.	2005 Fund Value £000
Fund value	**4.75**	**1,905**	4.75	1,878	4.75	2,203
Total value of assets		**1,905**		1,878		2,203
Actuarial value of scheme liabilities		**2,119**		2,292		2,798
Deficit in scheme		**(214)**		(414)		(595)
Irrecoverable surplus		**-**		-		-
Deficit recognised in balance sheet		**(214)**		(414)		(595)
Related deferred tax liability		**-**		-		-
Net pension scheme liabilities		**(214)**		(414)		(595)

Analysis of the amount charged to operating surplus

	2007 £000	2006 £000
Current service cost	**19**	121
Total operating charge	**19**	121

Analysis of the amount credited to other income

	2007 £000	2006 £000
Expected return on pension scheme assets	**88**	92
Interest on pension scheme liabilities	**(111)**	(127)
Net charge	**(23)**	35

Analysis of amount recognised in the Statement of Financial Activities (SoFA)

	2007 £000	2006 £000
Actual return less expected return on pension scheme assets	**(6)**	(31)
Experience gains and losses arising on the scheme liabilities	**28**	50
Changes in assumptions underlying the present value of the scheme liabilities	**6**	114
Actuarial gain in pension plan	**28**	133
Actuarial gain recognised in SoFA	**28**	133

Analysis of movement in deficit in the scheme during the year

	2007 £000	2006 £000
Deficit in the scheme at beginning of year	**(414)**	(595)
Current Service Cost	**(19)**	(121)
Employer contributions	**214**	204
Net return	**(23)**	(35)
Actuarial gains	**28**	133
Deficit in the scheme at end of year	**(214)**	(414)

History of experience gains and losses

	2007 £000	2006 £000
Difference between the expected and actual return on scheme assets	**(6)**	(31)
Value of scheme assets	**1,905**	1,878
Percentage of scheme assets	**(0.3)%**	(1.7)%
Experience gains on scheme liabilities	**28**	50
Present value of scheme liabilities	**2,119**	2,292
Percentage of the present value of scheme liabilities	**1.3%**	2.2%
Actuarial gains recognised in SoFA	**28**	114
Present value of scheme liabilities	**2,119**	2,292
Percentage of the present value of scheme liabilities	**1.3%**	5.0%

The defined benefit Scheme is closed to new entrants and so the use of the projected unit valuation method required by FRS 17 means that the current service cost, as a proportion of the defined benefit members' earnings, is likely to increase as members approach retirement.

Defined Contribution Schemes

During 2001, the IET established a defined contribution stakeholder pension arrangement. Both the IET and employees make contributions towards the scheme. At 31 December 2007, 87 employees were members of the scheme (2006: 86). The total employer contributions paid to this scheme during the year amounted to £210,224 (2006: £165,164).

On the merger of the IEE with the IIE, the IET assumed responsibility for the IIE's defined contribution pension arrangement. At 31 December 2007, 1 employee was a member of the scheme (2006: 2). The total employer contributions paid to this scheme during the year amounted to £6,330 (2006: £7,971).

The pension charge for the year to 31 December 2007 for all schemes was £1,108,867 (2006: £2,072,260).

19 RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2007	2006
	£000	£000
Net incoming resources	**(4,090)**	(825)
Depreciation and amounts written off in connection with assets no longer in use	**812**	731
Loss on sale of fixed assets	**3**	-
Decrease in stocks	**6**	136
Increase in debtors	**(160)**	(946)
Increase in creditors	**2,549**	934
Increase/(Decrease) in amounts received in advance	**7,593**	(1,807)
Decrease/(Increase) in payments in advance	**195**	(408)
Decrease in Pension Scheme Liability net of Actuarial Gains and Losses	**(2,668)**	(7,281)
Interest received	**(392)**	(492)
Rent received	**(16)**	(55)
Dividends received	**(1,664)**	(1,934)
Investment management fees	**170**	147
Net cash inflow/(outflow) from operating activities	**2,338**	(11,800)

20 ANALYSIS OF THE BALANCES OF CASH AS SHOWN IN THE BALANCE SHEET

	At 1 January 2007 £000	**Cash flow £000**	**At 31 December 2007 £000**
Short-term deposits and cash at bank and in hand	6,406	6,347	**12,753**
Cash on term deposit	-	150	**150**
	6,406	6,497	**12,903**

21 CHARITY SOFA

Incoming resources and resources expended by the Charity included in the Financial Statements are as follows:

	Unrestricted Funds £000	**Restricted Funds** £000	**Total Funds £000**
Incoming Resources	39,631	397	**40,028**
Resources Expended	47,260	420	**47,680**
Net Outgoing Resources	(7,629)	(23)	**(7,652)**

22 TRUST FUND ACCOUNTS

The IET Trust Fund accounts are amalgamated with the IET Reserve Funds in one Common Investment Fund. The figures in parenthesis indicate the subsidiary charity reference of the main IET charity on the Register of Charities held by the Charity Commission. The following Funds are separately registered as charities:

- The Sir Charles A Parsons Memorial Scholarship — Registration number: 313709
- The Joseph William Beauchamp Scholarships — Registration number: 313514
- Lord Hirst Fund — Registration number: 209127
- The Caroline Haslett Memorial Trust — Registration number: 313245
- The Institution of Electrical Engineers Manufacturing Education Trust — Registration number: 313387, which is administered and reported within the IEE Benefactors Trust Fund.

	CAPITAL & RESERVE REVENUE FUNDS		REVENUE FUNDS	
	Market Value 2007 £	Market Value 2006 £	**2007 £**	2006 £
IEE Benefactors Trust Fund *(14)*…….……..	**4,295,620**	4,143,123	**12,563**	-
Beauchamp Scholarship *(2)*.....……	**69,619**	66,438	**246**	-
National Electronics Council *(note below)*....……..	**257,960**	246,174	**743**	-
J S Robinson and O M Robinson Memorial Scholarship *(22)*……	**104,728**	99,943	**371**	-
IEE Manufacturing Prizes and Awards *(note below)*.....……..	**146,060**	139,387	**10,151**	7,395
J R Beard Travelling Fund *(4)*.....…….	**9,929**	9,475	**82**	-
Blumlein-Browne-Willans Premium Fund *(5)*.....……	**2,599**	2,480	**5,782**	5,395
Faraday House Commemorative Prize.....……	**2,901**	2,768	**7,188**	6,711
Hearn Lecture.....……...	**10,378**	9,904	**5,663**	5,169
Lord Hirst Fund.....……..	**39,311**	37,515	**222**	-
Lord Hirst Reserve Revenue Fund.....……...	**118,503**	113,088	**110,261**	101,866
P S Hudswell Bequest Fund *(9)*.....……	**50,748**	48,430	**624**	-
P S Hudswell Bequest Fund Reserve Revenue Fund *(9)*.....…….	**38,273**	36,525	**598**	-
Hunter Memorial Lecture Fund *(11)*.....…...	**6,689**	6,383	**2,109**	1,884
Henry Nimmo Premium Fund *(16)*.....…...	**2,139**	2,041	**2,651**	2,459
Leslie H Paddle Scholarship *(27)*.....…...	**48,423**	46,211	**343**	-
Wilde Benevolent Trust Fund *(1)*.....……	**6,144**	5,863	**4,590**	4,223
Anonymous Donation.....……	**2,021**	1,928	**4,901**	4,576
Undergraduate Scholarships & Grants (details below)……	**96,579**	92,166	**535**	-
Benefactors prizes (details below).....……...	**1,965**	1,875	**3,032**	2,820
Paul Fletcher Memorial Award Fund (ex IIE)…….	**9,285**	8,861	**158**	12
The Caroline Haslett Memorial Trust (ex IIE)…….	**13,257**	12,651	**207**	-
The IIE Prize Fund (ex IIE)……..	**24,004**	22,907	**408**	31
Young Member Career Achievement Award Fund (ex IIE)……	**9,180**	8,760	**156**	12
Gerald David Memorial Fund……..	**6,761**	6,352	**116**	10
IET International Scholarship	**2,508**	-	**39**	-
Harry Dixon Award Fund (ex IIE)……...	**21,336**	21,277	**101**	-
	5,396,920	5,192,527	**173,840**	142,563
Harry Henniker Prize Fund.....……..	**-**	-	**2,388**	2,368

National Electronics Council:
The National Electronics Council was wound up in 1999. Under terms of an agreement, IET is to administer the fund and use the income from it to provide scholarships, prizes and other uses consistent with the original aims and objectives of NEC. The fund is administered within the IEE Benefactors Trust Fund but reported separately for completeness.

IEE Manufacturing Prizes and Awards
Prizes and awards relating to the former Institution of Manufacturing Engineers are administered within the IEE Benefactors Trust Fund but reported separately for completeness

The Undergraduate Scholarships and Grants are funded from the following:
William Beedie Esson Scholarship Trust Fund *(6)*; William Geipel Scholarship Trust Fund *(7)*; David Hughes Scholarship Trust Fund (*10)*; IMEA Scholarship Trust Fund *(12)*; J.D Knight and E.D Knight Fund *(13)*; Sir Edward Manville Scholarship Fund *(15)*; O'Gorman Memorial Fund *(18)*; Sir Charles A Parsons Memorial Scholarship *(20)*; Paul Scholarship *(21)*; Salomans Scholarship Trust Fund *(23)*; C P Sparkes War Thanksgiving Fund *(26)*; Swan Memorial Scholarship *(24)*; and Thorrowgood Scholarship Trust Fund *(25)*.

Benefactors' Prizes are funded from the following:
Goldup Prize Fund (*8)*; Henry Nimmo Prize Fund *(17)*; Page Prize Fund *(19)*; and Prize Fund for Women (*3*).