# THE INSTITUTION OF ENGINEERING AND TECHNOLOGY

Trustees' Annual Report and Accounts

Year ended: 31 December 2008

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

Contents	Page
Trustees' Annual Report	
- IET Objectives	2
- Activities, Achievements and Performance	4
- Plans for Future Periods	9
- Financial Review	9
- Reserves Policy	10
- Investment Policy	11
- Reference & Administrative Information	12
- Structure, Governance & Management	13
Statement of Trustees' Responsibilities	15
Independent Auditors' Report	16
Consolidated Statement of Financial Activities	18
Consolidated and IET Balance Sheets	19
Consolidated Cashflow Statement	20
Notes forming part of the Financial Statements	21

#### 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.

The IET 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 knowledge network supported by individuals, companies and institutions, facilitated by the IET and its members. The Trustees confirm they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to guidance published by the Charities Commission.

#### **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 the IET's work engages directly with the general public through its broad educational reach, a significant proportion 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, Local Networks (LNs) 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, an internationally 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). A 50% reduction in fees is provided for those taking a career break, in a redundancy situation or on a low income. Student subscriptions are maintained at significantly subsidised levels (currently £15 per year).

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, engineering community and stakeholders via its website and event activity. Non-members can register to take part in TPN activities and attend technical events. The IET also runs free to attend events, publishes general interest Factfiles on its website and undertakes a range of activities targeted at the 5-19 age group including free participation in the IET Faraday programme described under the activity report. 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 2008 the IET expended resources, including these public activities, of £53.3m and received £59.9m in incoming resources, generating a surplus before the impact of investment losses and the adjustment for pension scheme accounting (FRS17).

# Strategic Management

The IET seeks to maximise its impact by operating a rolling 5-year Corporate Plan which sets out agreed annual objectives in achieving its Mission. The strategic goals of the organisation are summarised as:

- 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 together with continuous improvement towards best practice processes
- extended global reach in selected target markets to link with those within the Knowledge Network who share our Vision of advancing knowledge.
- operational excellence with best in class processes and people supported by a sustainable financial model

The focus of development in the short and medium term continues to be based on the principle of optimising and leveraging the capability of the IET to increase its impact and extend its reach. Core components of the plan are therefore:

- Implementation of a strategic review of Knowledge Management activities leveraging IET capabilities to become more relevant in scope and purpose and refining the quality and value of existing activities.
- Developing the mix of the membership base to deliver higher levels of engagement.
- Re-invigorating professional registration levels.
- International development and key institutional partnering in target markets to strengthen global interaction
- Developing stronger relationships with target sectors with clearer partnering outcomes.

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 2008 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 public affairs are to provide informed opinion to guide policy formation and, where appropriate, to engage the public in understanding relevant technical issues.

During 2008 several submissions have been made to the UK government, Parliamentary Committees and the EU Commission on issues of importance to the engineering profession. These have included the review of workforce health (the IET's contribution was quoted in the final report), the Thomas/Walport review on data sharing (which led to an invitation to attend the next stage of the review) and the Innovation, Universities and Skills (IUS) Select Committee's inquiry into engineering. The latter included a joint input by the 36 institutions plus the Royal Academy of Engineering, the Engineering Council UK (EC<sup>UK</sup>) and the Engineering and Technology Board.

The IET continues to raise its profile and influence with a targeted programme of interactions with key decision makers. A notable success was a meeting between the Chief Executive and Secretary and the Chancellor of the Exchequer and the Secretary of State for Innovation, Universities and Skills to discuss the problems relating to students studying science, technology, engineering and mathematics (STEM) subjects. The IET Parliamentary Reception, which focused on promoting the IET as a source of unbiased technological advice, attracted a number of influential MPs including the Minister of State for Science and Innovation. The Chief Executive & Secretary was invited to address the Associate Parliamentary Engineering Group at the House of Commons on the topic of professionalism in engineering. A number of other meetings were arranged, including with Phil Willis MP, the Chairman of the IUS Select Committee. Strong links to the Office of Communications (Ofcom) were demonstrated when it chose the IET to host the public launch of its high speed broadband strategy.

Activities with the devolved administrations have continued. A reception at the Scottish Parliament, which focused on the Scottish energy challenge, attracted Members of the Scottish Parliament including the shadow energy ministers of the opposition parties. The IET was also invited by the Scottish Executive to participate in a stakeholder review of the Scottish electronics sector, where members of the Engineering Policy Group Scotland discussed the issues with the Scottish Minister for Enterprise, Energy and Tourism. The focus of policy work in Northern Ireland (NI) has been on the status of mathematics in the NI curriculum. The Engineering Policy Group Northern Ireland met with the NI Department of Education which resulted in further discussions with the Principal Schools Inspector and the Chairman of the NI STEM review.

A number of reports, statements, Factfiles and Health and Safety Briefings were updated during the year and regularly attracted over 25,000 web hits per month. The biennial policy statement on the 'Possible Health Effects of Low Level Electromagnetic Fields' was published by the Biological Effects Policy Advisory Group. The IET also produced practical guidance on electromagnetic compatibility for functional safety. The Policy Department commissioned two pieces of research relating to skills and education. The first, titled *Studying STEM*, was a literature review of the barriers to young people studying STEM subjects. The second, titled *Engineering & Technology Skills and Demand in Industry*, was the third annual IET skills survey of the recruitment requirements of a sample of IET Business Partners and other engineering companies. Both documents are used to promote the IET's position and activities within education and skills. New Factfiles included *Nuclear Reactor Types* and *Nuclear Decommissioning*.

#### **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.

2008 saw the continuation of web development designed to improve both the user experience and technical architecture. The new Knowledge Network website was launched in July, delivering

stronger integration with the new organisational site delivered in 2007. In addition, the use of content management toolkits was extended into the volunteer base by providing access to local network volunteers to manage local websites.

A review of the TPN and event activity resulted in a structure change and a focus on delivering a portfolio of fewer but better quality events. The TPN Working Party has agreed a set of success criteria with tailored targets for each TPN against which they can be measured in a formal review at the end of 2009. A new event production process has been rolled out from September 2008 and has already delivered an improvement in quality of programmes, delegate numbers and attendee feedback.

TPN and Prestige event attendance achieved 11,426 delegates, which was short of the 2008 target and 15% down on the previous year's total of 13,520. Prestige Lecture attendees totalled 2,802, 19% below target. Five events with over 300 delegates were delivered in 2008 compared to six in 2007.

In 2008, the IET has hosted a number of highly successful events, both new and repeated. The first International Conference on Electricity Distribution (CIRED) seminar on SmartGrids for Distribution, held in Frankfurt, was an IET initiative borne from the biannual CIRED conference and brought together 225 delegates from the European energy sector. Broadening our global reach, the Software as a Service conference in Bangalore attracted over 110 delegates, building the IET presence in the Indian IT sector.

In the UK, the Lord Austin lecture filled the Savoy Place lecture theatre with 541 after successfully securing Christian Horner from Red Bull Racing as keynote speaker. The seminar series on the recently issued 17th edition of the IEE Wiring Regulations (BS7671) attracted 176 attendees at various locations around the UK. Finally, the 9<sup>th</sup> International Conference on Developments in Power System Protection (DPSP) in Glasgow was produced in association with five other institutes and attracted 337 delegates over four days.

IET.tv continues to capture high quality multimedia content from numerous IET events and has also supported other business units with the production of training videos, promotional content, and content for internal/external communications. A major hurdle in the development of IET.tv has been removed by integrating IET.tv into the IET's website content management system (Rhythmx). This allows for integration into the IET web login system and better indexing by search engines. Average monthly viewing figures for 2008 of 14,397 were 14% higher than the previous year.

### Research Publications

The objectives of the IET's 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.

Editorially, the research journals have successfully delivered one new title, *Power Electronics*, and increased the frequency of four other titles in 2008.

A Chinese version of *Electronics Letters* has also been launched and the positive reception has indicated more Chinese titles could follow. The model achieves a higher profile for the journal, and a local editorial board that draws more respected academics to the IET.

The continued quality improvement of our portfolio was reflected in the latest ISI Impact Factors that were released in July. Nine of the IET titles improved both their impact factor and ranking, *Nanobiotechnology* and *Micro & Nano Letters* were awarded their first rating, and *Intelligent Transport Systems* and *Information Security* were accepted for inclusion and will receive their first rating in the summer of 2009.

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 *Electronics Letters* journals by 8% (2008: 5,245, 2007: 4,861), and to research journals by 16% (2008: 5,159 2007: 4,442).

The two major software development projects from 2007 have been successfully operational throughout 2008. The new Inspec production system, Ideas, has raised production performance to a level never before achieved, and the production target of 600,000 records in 2008 was exceeded by 8%. The success of the new production system will drive a reduction in the time taken from receipt of content to publication on the database - a key factor for researchers. In addition, the new system has created greater efficiencies allowing a reduction in cost per record. The new production system also contributed to the achievement in 2008 of a milestone 10 million records added to the Inspec database.

Inspec Direct, the new bespoke platform delivering the database with greater functionality, was launched on schedule at the beginning of 2008. It has received a very positive response from users and further effort will be applied to grow the user base.

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. This product continues to grow with increased usage driven by more content each year, including the addition of the IET's complete archive in late 2008.

In common with the IET'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.

The Library has continued to develop its Virtual Library and this now comprises online full-text access to almost 1,000 e-books (2007: 900), articles and papers from over 8,000 journals and magazines, 17 market research reports, and a database of over 1,500 reports on IT and telecommunications. User sessions to these services increased to almost 48,000, a growth of 65% on 2007 (2007: 29,000).

# **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.

The new format fortnightly *Engineering & Technology* magazine was launched in January 2008 and has been successful in providing readers with access to a wider range of disciplinary content to support new knowledge acquisition as well as a more frequent distribution.

As well as publishing the British Standard in respect of Wiring Regulations, the IET aims to encourage best practice throughout the wiring installation sector by providing relevant guidance notes. 2008 has been an unprecedented year for the Wiring Regulations. The move to the 17th edition saw the UK electrical industry rapidly adopt the new edition suggesting greater awareness of compliance needs, unlike previous years when demand strengthened over an extended period after publication.

# Qualification and Assurance

Qualification targets for CEng/IEng in 2008 were not achieved (599 compared to 688 in 2007), 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 2008. Average processing times for the administration of CEng/IEng have fallen below 15 weeks from a benchmark of 18 weeks in 2007.

A significant development during 2008 has been the preparation of ICT*Tech* with EC<sup>UK</sup> to encourage professionalism amongst technicians in the ICT sector. The IET supported the ICT*Tech* Standards

working party and will be the first Institution to be licensed by EC UK to award this new qualification in 2009.

The success of the IBM Company Registration Scheme - where streamline application forms can be used by IBM staff following IET assessment of the internal staff development programme – has resulted in an extension of the scheme to Accenture, BT and Selex.

Armed Forces Registration Schemes have been subjected to a new process introduced by EC <sup>UK</sup> in April 2008. SAPs (Special Authorised Processes) aim to clearly identify deviations from UK-SPEC Registration Regulations. The IET has developed the application paperwork in conjunction with EC <sup>UK</sup> and will be the first Institution to be awarded a license to operate these for the Armed Forces.

Career Manager users have steadily increased helping individuals to record their competencies working towards professional registration. The new ICT*Tech* framework and guidance notes have been added. Discussions have taken place with other professional engineering institutions about using Career Manager for their members.

The demand for accreditation of company professional development schemes grows and a mechanism has been put in place to encourage engineers finishing their schemes to apply for registration. Fifty-three schemes were accredited during 2008 (compared to 40 in 2007) at companies which included BAE, Network Rail, Rolls Royce, Scottish Power and Shell.

356 academic programmes were accredited during 2008 (compared to 203 in 2007) and a specific target for accredited MSc programmes has been exceeded. This is important as one of the exemplifying qualifications for Chartered Engineer. Two visits to non-UK Universities were undertaken to UNITEN in Malaysia and Khalifa University in the United Arab Emirates. The IET is also working with EC UK on a project to enable work-based MSc programmes that lead to registration.

Approved Apprentice Schemes have increased but the emphasis is now on working with employers to convert student apprentices from approved schemes to Eng Tech.

# Enthusing and Educating Young People

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

The new Faraday Programme goes from strength to strength. Having won an award from the film industry for the quality of the Faraday films that accompany the on-line teaching materials they were also nominated for a BAFTA.

The new Faraday programme was launched in 2007/08 with a "Technology For Life" theme. The web interface provided access for 136,000 website hits, suggesting a stronger engagement model than the previous format.

The IET continues to support the teaching of electronics and design engineering in schools by sending teachers the *Electronics Education* magazine three times a year. This has been reformatted to fall in line with our other publications and widen in remit.

New Engineering Diplomas were started in September 2008 and the IET continues to be part of high level consultations about these and other key educational developments.

The IET is a strong supporter of MEI (Maths for Education and Industry) and a joint report was issued in 2008 following a joint conference last year.

Students and Apprentices have their own portal to the IET website which illustrates how the IET's products and services can be integrated into a student's life, for example, how Career Manager can be used to record skills and competencies on work experience. The portal also provides weekly news from within the related industries and a range of study resources. The *IET on Campus* section illustrates the whole range of IET related activities which are relevant within a university. The Bristol Local Network has used this space to stimulate interaction with their local students. The *IET at Work* 

section contains detailed guidance to help young people understand the opportunities that are available for apprenticeships. *Student & Young Professional* magazine is also available online to members.

The IET has continued its steady campaign to encourage women to enter the engineering profession not only through the provision of scholarships for able young women but also through wide-spread publicity for the Young Woman Engineer of the Year award, which is open both to graduate engineers and those who have followed the apprentice route. Winners and runners-up provide exemplary role-models for girls considering becoming engineers. The Chief Executive and Secretary has signed the UK Resource Centre for Women in Science Engineering and Technology (SET) Charter, committing the IET to implementing positive culture changes which increase the participation and progression of women in SET careers.

In 2008, a total of £393,000 was dispersed in undergraduate and postgraduate scholarships, travel awards and prizes (2007: £346,000). The IET continues to attract industry sponsorship across its scholarships awards and prizes programme; a total of six sponsors have agreed to contribute £10,000 each in 2009 (including BAE Systems, E.ON and EDF Energy), which is used to fund marketing campaigns that reach all schools and universities in the UK, as well as educational establishments in other countries where the IET wishes to increase its impact. The number of undergraduate scholarship applications received almost trebled in 2008 compared to 2007 figures, due to increasingly effective marketing campaigns. The awards process concluded with a successful Awards Ceremony, held in conjunction with the final of the Young Professionals' *Present Around the World* competition and the IET Innovation Awards Dinner, enabling those at the start of their careers and those at the pinnacle of their success to meet and mingle.

Following the success of the Power Academy, a new consortium has been set up to link universities, employers and students. The E3 Academy (Electrical Energy Engineering) will carry the IET brand and have staff on the governing body.

#### Membership & Volunteer 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 IET's many activities.

The total number of members at the end of 2008 stood at 152,400 (2007: 154,300). Recruitment of new members was maintained during the year, with 13,700 new members joining compared with 13,900 during 2007. 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. Membership retention has been improved by a continuation of the telemarketing campaign to lapsed members.

The Local Networks held over 1,100 events during the year and an estimated total audience of some 50,000 people took part. The Sri Lankan Network won the IET Local Network Award for their series of radio programmes broadcast to the general public, illustrating how engineering and technology enhance their daily lives. The achievement was applauded by Mr. Mahinda Rajapakse, His Excellency the President of Sri Lanka, who attended the IET Sri Lanka AGM.

The Local Network Support Project has been operational throughout 2008 to encourage and provide tools for Local Network volunteers, building on their existing success and delivering even more outward facing events to promote the IET and recruit members. This culture change has been facilitated by consultation forums and a Volunteers' Weekend.

Representatives of the volunteer groups have visited the administrative headquarters in Hertfordshire to improve the mutual understanding of roles and activities among the staff and volunteer team. Dedicated web pages tailored to the needs of the volunteer communities supporting Qualifications and Local Networks have also 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 IET awarded the Faraday Medal, its highest honour, to Professor Josef Kittler, in recognition of his work on pattern recognition, image processing and computer vision.

#### **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 IET are anticipated.

The decline in EC <sup>UK</sup> 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.

# **Current Objectives**

The focus of development in the short and medium term continues to be based on the principle of optimising and leveraging the capability of the IET to increase its impact and extend its reach. Priorities are agreed by the Board of Trustees as part of the corporate planning process and for 2009 these are:

- Update the forward IET strategy and implementation plan, incorporating this into the 2010 Corporate Plan.
- Increasing the number of activity and engaged members in early/mid career and provide more relevant membership offerings.
- Refine the quality and value of existing Knowledge management activities.
- Reinvigorate EC<sup>UK</sup> registrations.
- Improve financial performance through productivity and efficiency.
- Develop the global strategy (notably in China and India).
- Deliver partnership outcomes with employers, academics and sister institutions.

# **Financial Review**

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 £59.9m (2007: £47.8m). The increase over 2007 was principally due to strong sales of Practitioner Publications, in particular the 17<sup>th</sup> Edition of the Wiring Regulations.

Income Source	£m	<b>%</b>
Trading Companies	12.6	21
Investment and Other Income	2.8	5
Incoming Resources from Charitable Activities:	15.0	26
Research publications	15.8	26
Membership contribution	12.1	20
Practitioner publications	13.4	22
Knowledge Sharing among Engineers	2.8	5
Other	0.4	1
TOTAL	59.9	100

All the incoming resources of the charity alone have been deployed on charitable activities or retained in the charities reserves as shown in Note 21. Subject to confirmation, the IET's trading companies will contribute Gift Aid payments of £3.7m to the charity. Overall the IET's Group reserves fell by £30.9m, including a decrease in the value of our investments of £22.6m and the inclusion of a £14.9m actuarial loss in complying with FRS17. Additional activities were delivered in 2008 and new activities have been identified for 2009 to further grow charitable activities. The main areas of expenditure in the year were as follows:

Resources Expended	£m	%
Research Publications	10.2	26
Knowledge Sharing among Engineers	9.5	24
Membership Contribution	6.2	16
Practitioner Publications	5.7	14
Public Policy and Awareness	2.4	6
Qualification and Assurance	3.0	7
Enthusing and Educating Young People	2.9	7
Total Expenditure on Charitable Activities	39.9	100
Trading activities and Investment Management Fees	12.1	
Governance	1.3	
Total Resources Expended	53.3	

The Balance Sheet total on Page 19 has fallen in the year by £30.9m. The more significant movements are:

- Investments, which have decreased year on year by £24.2m. £4.0m cash was transferred from
  the investment managers during the year and net realised and unrealised losses totalled
  £22.6m.
- Adjustment has been made in accordance with FRS17 to recognise movements on the assets and liabilities of the IET's two defined benefit pension schemes. There was an actuarial loss of £14.9m during the year.
- 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**

Subject to confirmation, the proposed Gift Aid payments to the IET by its UK trading subsidiaries undertaking activity to raise funds for its charitable purposes increased to £3.7m (2007: £2.4m). IEE Conventions Limited's share of the profits of International Broadcasting Convention Partnership, in which the IET has a 34% share, was £1.9m (2007: £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. The results for 2008 reflect the first full year of IET Services Limited carrying on this activity. IET Services Limited also operates the rental of surplus IET accommodation.

# **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 £57.2m (2007: £72.8m). 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 including an Operations Reserve which provides a safety net in the event of financial setbacks. Of the £57.2m in General Funds, only £8.4m is not allocated (2007: £26.9m) as a result of the significant falls in the value of investments. The IET faces a number of significant risks to the sustainability of its activities, and given the current economic environment, the Trustees continue to monitor this closely going forward as part of ensuring a sustainable financial framework for the charity.

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 will continue to monitor opportunities to deploy the General Reserve over the medium term subject to movements in investment values. 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 the investment manager together with maximum ranges for these allocations.

The active portfolio managed by Fidelity Investment Services did not achieve 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 during the year. Overall asset allocations have not been changed. The investment manager is not limited for investment return purposes, for example ethical or income constraint, in any way other than to comply with charity and tax legislation.

Performance is regularly monitored by the Investment Committee with the input of a professional Investment Advisor.

11

#### **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:

Professor C S Aitchison

Miss M G Fitzgerald

Mr H V Bell

Cdre B P S Brooks

Mr C H Porter

Dr N J Burton

Dr M J Short

Dr D Byrne Professor C M Snowden
Dr N F Chin Eur Ing A D Stringer

Mr C M Earnshaw, President Mr A J Watts

Other Trustees who served during the period of the report:

Mrs K Deacon (resigned 12 January 2009)
Mr G L Izienicki (resigned 3 March 2008)
Mr J N Loughhead (retired 30 September 2008)
Mr I R Sturrock (retired 30 September 2008)

Mr A G O'Neill (retired 30 September 2008)

# Chief Executive and Secretary

Mr R W McGill

# Finance Director

Mr E L 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 Manager

Barclays Global Investors Limited, 54 Lombard Street, London EC3P 3AH

#### 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.

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.

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 the investment portfolio and advisor.

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. During 2009 these Boards will be replaced by three Main Boards, the Global Operations Board, the Knowledge Management Board and the Membership and Professional Development Board. Reporting to the Global Operations Board will be five Regional Boards responsible for the local delivery of IET operations.

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 as described in note 15. These include two companies operate on a commercial basis, principally in the areas of room lettings, publishing and technical conference and exhibition management services. This trading activity is shown in note 3.

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 9 March 2009 and signed on their behalf by:

Mr C M Earnshaw, President

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

We have audited the group and charity financial statements of the Institution of Engineering and Technology for the year ended 31 December 2008 set out on pages 18 to 37. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with section 44 of the Charities Act 1993 and in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions 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 (United Kingdom Generally Accepted Accounting Practice) 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 (United Kingdom 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 and comply with the requirements of regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report if, in our opinion, the information given in the Trustees' Report is not consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Trustees' Annual Report 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 other information.

# **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (United Kingdom 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 judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, 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 that 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 the group's and the parent charity's affairs as at 31 December 2008 and of the group's incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993 and comply with the requirements of regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Horwath Clark Whitehill LLP

Chartered Accountants & Registered Auditors

Horwar Cal Whelie co

St Bride's House 10 Salisbury Square London EC4Y 8EH

9 March 2009

# Consolidated Statement of Financial Activities for the year ended 31 December 2008

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total Funds 2008 £000	Total Funds 2007 £000
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary Income Donations					299
Legacies		-	1	1	299
Activities for generating funds		-	1	1	-
Trading Companies		12,619	_	12,619	7,728
Investment and Other Income	2	2,683	139	2,822	2,056
Incoming resources from charitable activities:	_	2,003	13)	2,022	2,030
Public Policy and Awareness		2	-	2	37
Knowledge Sharing among Engineers		2,785	-	2,785	3,082
Research Publications		15,778	-	15,778	16,633
Practitioner Publications		13,375	-	13,375	5,559
Qualification and Assurance		414	-	414	268
Enthusing and Educating Young People		27	-	27	82
Membership Contribution		12,113		12,113	12,012
<b>Total Incoming Resources</b>	1(e)	59,796	140	59,936	47,756
RESOURCES EXPENDED	5				
Costs of generating funds:					
Trading Companies		12,006	-	12,006	4,166
Investment Management Fees		124	3	127	170
		12,130	3	12,133	4,336
Net incoming resources available for charitable application		47,666	137	47,803	43,420
Charitable Activities					
Public Policy and Awareness		2,363	-	2,363	1,380
Knowledge Sharing among Engineers		9,493	-	9,493	8,470
Research Publications		10,187	-	10,187	15,859
Practitioner Publications		5,662	-	5,662	7,967
Qualification and Assurance		3,052	-	3,052	2,816
Enthusing and Educating Young People		2,696	201	2,897	2,579
Membership Contribution		6,176		6,176	7,161
		39,629	201	39,830	46,232
Governance Costs	1(f)	1,357		1,357	1,278
Total Resources Expended	1(f), 5	53,116	204	53,320	51,846
Net Incoming/(Outgoing) Resources before					
Transfers	4	6,680	(64)	6,616	(4,090)
Transfers between Funds	17	28	(28)	-	-
Net Incoming/(Outgoing) Resources before					
investment gains		6,708	(92)	6,616	(4,090)
Investment (Losses)/Gains	14, 17	(21,362)	(1,194)	(22,556)	4,444
Pension Scheme Actuarial (Loss)/Gain (FRS 17)	18	(14,917)		(14,917)	592
NET MOVEMENT IN FUNDS		(29,571)	(1,286)	(30,857)	946
Fund Balances at 1 January 2008		107,157	6,719	113,876	112,930
Fund Balances at 31 December 2008	16, 17	77,586	5,433	83,019	113,876
	- 7 -	7	-,		- , •

# Consolidated and IET Balance Sheets as at 31 December 2008

		GROUP		IET	
		2008	2007	2008	2007
	Notes	£000	£000	£000	£000
FIXED ASSETS					
Tangible Assets	8	14,507	14,776	14,456	14,724
Investments	14	82,794	106,960	83,161	107,260
		97,301	121,736	97,617	121,984
CURRENT ASSETS					
Stocks	9	424	281	367	233
Debtors	10	9,616	5,365	9,887	6,911
Payments in advance		973	1,103	973	1,037
Cash at bank and in hand		6,365	12,903	3,853	10,458
		17,378	19,652	15,080	18,639
CURRENT LIABILITIES					
Creditors	11	7,520	8,234	6,332	8,004
Amounts received in advance		7,734	15,622	6,596	14,697
	_	15,254	23,856	12,928	22,701
NET CURRENT ASSETS/(LIABILITIES)		2,124	(4,204)	2,152	(4,062)
TOTAL ASSETS LESS CURRENT LIABILITIES					
EXCLUDING PENSION LIABILITY		99,425	117,532	99,769	117,922
Pension Scheme Liability	18	(16,406)	(3,656)	(16,406)	(3,656)
NET ASSETS INCLUDING PENSION LIABILITY	,	83,019	113,876	83,363	114,266
FUNDS:					
Unrestricted Funds:					
General Funds	17	56,632	72,187	57,172	72,787
Designated Funds	17	37,360	38,626	37,164	38,416
<u>-</u>		93,992	110,813	94,336	111,203
Restricted Funds	17	5,433	6,719	5,433	6,719
TOTAL FUNDS BEFORE PENSION LIABILITY		99,425	117,532	99,769	117,922
Pension Scheme Funding Reserve	18	(16,406)	(3,656)	(16,406)	(3,656)
TOTAL FUNDS INCLUDING DEFICIT ON					
PENSION SCHEME RESERVE	17, 18	83,019	113,876	83,363	114,266

The notes on pages 21 to 37 form part of these financial statements.

Approved by the Trustees on 9 March 2009 and signed on their behalf by:

Mr C M Earnshaw, President

# Consolidated Cash Flow Statement for the year ended 31 December 2008

No	otes	2008 £000	2007 £000
Net cash (outflow)/inflow from operating activities	19	(10,353)	2,338
Returns on investments and servicing of finance			
Interest received		308	392
Dividends received		2,514	1,664
Investment management fees		(127)	(170)
Rent received		3	16
		2,698	1,902
Capital expenditure Purchase of tangible fixed assets Sale of equipment	_ =	(493) - (493)	(892) 25 (867)
Management of liquid resources			
Purchase of investments		(15,214)	(38,522)
Sale of investments		16,537	41,253
Decrease in investment cash		287	393
Increase in cash on term deposits		(2,600)	(150)
	=	(990)	2,974
(Decrease)/increase in short term deposits and cash at bank and in hand	20	(9,138)	6,347

# Notes on the accounts for the year ended 31 December 2008

#### 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 2008.

The accounts include the financial statements of International Local Networks for the year ended 30 September 2008.

#### 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.

# 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. In the case of membership subscriptions and subscriptions for journals and electronic services any receipt in respect of future years is shown as Amounts received in advance.

For royalties accruals are 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 2008 as notified by the Investment Manager.

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 (Loss)/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

	2008 £000	2007 £000
Income from investments	2,514	1,664
Interest received	308	392
	2,822	2,056

#### 3 TRADING ACTIVITIES

The IET has two wholly owned non-charitable trading subsidiary undertakings registered in England and Wales, IET Services Limited (IETSL) and IEE Conventions Limited (IEECL), both of which are consolidated. The profit and loss accounts of IETSL and IEECL are set out below. Additional information and summary balance sheets are provided in note 15

	IETSL	IEECL	Inter Group Trading	Total	Total
	2008 £000	2008 £000	2008 £000	2008 £000	2007 £000
Turnover Cost of Sales Gross Profit	12,211 8,670 3,541	4,783 1,987 2,796	(4,375) (1,289) (3,086)	12,619 9,368 3,251	7,728 3,023 4,705
Distribution Costs Administration expenses	1,666 64	1,045	<u>-</u>	1,666 1,109	341 1,041
Operating Profit	1,811	1,751	(3,086)	476	3,323
Interest Receivable and Similar Income	30	133	-	163	244
Interest Payable and Similar Charges	(38)	-	-	(38)	(5)
Less Gift Aid Payments: IET	(1,786)	(1,884)	<u>-</u> -	(3,670)	(2,442)
Profit on Ordinary Activities before Tax	17	-	(3,086)	(3,069)	1,120
Tax on ordinary activities	(17)		<u> </u>	(17)	
Funds Retained by Subsidiary	-	-	-	-	-

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:

	2008	2007
	£000	£000
Depreciation	762	812
Payments under operating leases:		
- Land and buildings rents	243	240
- Other	124	127
Auditors' remuneration:		
- Audit	37	36
- Other services	12	49

# 5 ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff Costs	Other	Depreciation	Total	Total
	2008 £000	2008 £000	2008 £000	2008 £000	2007 £000
Costs of generating funds:	3000	2000	***************************************	***************************************	2000
Trading Companies	1,893	10,096	17	12,006	4,166
Investment Management Fees	-	127	-	127	170
_	1,893	10,223	17	12,133	4,336
Charitable Activities					
Public Policy and Awareness	996	1,307	60	2,363	1,380
Knowledge Sharing Among Engineers	4,092	5,211	190	9,493	8,470
Research Publications	4,322	5,697	168	10,187	15,859
Practitioner Publications	1,657	3,894	111	5,662	7,967
Qualification and Assurance	2,130	885	37	3,052	2,816
Enthusing and Educating Young People	378	2,496	23	2,897	2,579
Membership Contribution	2,890	3,137	149	6,176	7,161
Governance costs	240	1,110	7	1,357	1,278
	16,705	23,737	745	41,187	47,510
<b>Total Resources Expended</b>	18,598	33,960	762	53,320	51,846

# 6 EMPLOYEES

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

	2008 £000	2007 £000
Payroll costs:	2000	2000
Salaries and overtime	15,260	14,723
Social Security	1,470	1,343
Pension and other benefits	1,868	1,109
Total Group Employment Costs	18,598	17,175
Less:		
Cost of staff work on trading companies' activities	(1,893)	(909)
Employment Costs of the Institution	16,705	16,266

The average monthly number of full time equivalent staff employed by the IET in the year was 448 (2007: 416) and by the Group was 480 (2007: 434), made up as follows:

	2008	2007
	Number	Number
Public Policy and Awareness	51	26
Knowledge Sharing among Engineers	61	73
Research Publications	88	73
Practitioner Publications	45	48
Qualification and Assurance	43	16
Enthusing and Educating Young People	6	10
Membership Contribution	58	74
London & Regional Engineering Centres Meetings Facilities	39	32
Facilities, Finance, HR and IT	86	79
Governance and Legal Affairs	3	3
	480	434

At 31 December 2008, IET Services Limited had 32 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:

	2008 Number	2007 Number
£60,000 - £69,999	10	5
£70,000 - £79,999	5	4
£80,000 - £89,999	1	3
£90,000 - £99,999	3	1
£100,000 - £109,999	1	1
£110,000 - £119,999	2	3
£120,000 - £129,999	1	-
£150,000 - £159,999	-	1
£160,000 - £169,999	1	-
£360,000 - £369,999	-	1
£380,000 - £389,999	1	-

11 of the above employees were in the IET's defined benefit pension scheme (2007: 9) and 7 employees were in the defined contribution scheme (2007: 6). Pension payments in respect of the defined contribution scheme totalled £38,597 (2007: £36,951).

The emoluments for the highest paid employee during 2008 included relocation costs of £83,872 and payments in lieu of pension contributions of £31,125.

# 7 SUPPORT COSTS

	2008	2007
	£000	£000
Corporate	549	724
Offices	1,686	2,352
Finance	1,826	2,102
Human Resources	1,320	1,432
IT	6,498	3,861
Direct Support Costs	195	1,071
Property Costs	2,092	2,593
Total Support Costs	14,166	14,135

Support costs are allocated to charitable activities as follows:

- Corporate, Offices, Finance, Human Resources, IT and Direct Support Costs on a staff cost basis
- Other residual property costs are allocated against the relevant activity

# 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 2008	5,968	6,474	5,915	5,096	23,453
Additions	5	-	488	-	493
Disposals	-	-	(8)	-	(8)
Reclassification	(14)		4		(10)
At 31 December 2008	5,959	6,474	6,399	5,096	23,928
Accumulated Depreciation:					
At 1 January 2008	1,224	2,046	4,538	869	8,677
Depreciation for the year	109	110	443	100	762
Disposals	-	-	(8)	-	(8)
Reclassification	-	-	(10)	-	(10)
At 31 December 2008	1,333	2,156	4,963	969	9,421
Net book value:					
At 31 December 2008	4,626	4,318	1,436	4,127	14,507
At 31 December 2007	4,744	4,428	1,377	4,227	14,776
IET					
	IET and IEECL	Michael Faraday	Furniture and	Regional Centres	Total
	Buildings and Crown	House	Equipment		
	Leases £000	£000	£000	£000	£000
Cost:					
At 1 January 2008	5,926	6,474	5,847	5,096	23,343
Additions	-	-	479	-	479
At 31 December 2008	5,926	6,474	6,326	5,096	23,822
Accumulated Depreciation:					
At 1 January 2008	1,220	2,046	4,484	869	8,619
Depreciation for the year	105	110	432	100	747
At 31 December 2008	1,325	2,156	4,916	969	9,366
Net book value:					
At 31 December 2008	4,601	4,318	1,410	4,127	14,456
At 31 December 2007	4,706	4,428	1,363	4,227	14,724
		-, -= 0		,·	,

_	~~
9	STOCKS
,	SIUCIS

	Group		IET	
	2008	2007	2008	2007
	£000	£000	£000	£000
Publications and work in progress	367	222	367	222
Paper, stationery and postage	-	11	-	11
Other stocks	57	48	-	-
	424	281	367	233

#### 10 DEBTORS

	Group		IET		
	2008	2007	2008	2007	
	£000	£000	£000	£000	
Trade debtors	5,690	2,638	3,798	1,233	
Other debtors	3,315	2,156	2,990	2,093	
Accrued income	611	571	611	571	
Amounts due from subsidiaries	<u> </u>	<u> </u>	2,488	3,014	
	9,616	5,365	9,887	6,911	

# 11 CREDITORS: Amounts falling due within one year

12211 01101 111110 111111 1 1 1 1 1 1 1	•		TEM	
	Group		IET	
	2008	2007	2008	2007
	£000	£000	£000	£000
Trade creditors	5,299	5,572	4,542	4,768
Taxation and NI costs	572	613	509	584
Other creditors	1,099	1,180	665	1,055
Accruals	550	869	545	699
Amounts due to subsidiaries	-	-	71	898
	7,520	8,234	6,332	8,004

### 12 COMMITMENTS

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

	2008	2007
	£000	£000
Expiry date:		
- within one year	14	14
- between two and five years	101	88
	115	102

# 13 TRUSTEES AND RELATED PARTY TRANSACTIONS

During the year, travelling and subsistence expenses totalling £116,027 were incurred by 19 Trustees on behalf of the IET (2007: £112,078 by 20 Trustees).

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 £51,602 (2007: £52,417).

# 14 INVESTMENTS

VESTMENTS				
		Group	IET	
		£000	£000	
Market Value at 1 January 2008		106,960	107,260	
Acquisitions at Cost		15,214	14,685	
Proceeds from Sale of Investments		(16,537)	(16,537)	
Decrease in Investment Cash		(287)	(287)	
Net Investment Gains/(Losses)		(22,556)	(21,960)	
Market Value at 31 December 2008		82,794	83,161	
Historical Cost at 31 December 2008		86,474	86,841	
Unrealised Gains/(Losses)		(3,680)	(3,680)	
Realised Gains based on Historic Cost		1,117	1,117	
Analysis of Investments				
	Gro	-	IET	
	2008	2007	2008	2007
	£000	£000	£000	£000
Subsidiary undertakings	-	-	367	300
Listed	61,219	80,538	61,219	80,538
Trusts	21,406	25,993	21,406	25,993
Cash	169	429	169	429
	82,794	106,960	83,161	107,260

The IET's investment in subsidiary undertakings at 31 December 2008 was £366,838 (31 December 2007: £300,102). The IET subscribed to Rupees 5m share capital in IET (India) during the year, with IET Services Ltd holding one share with a nominal value of Rupees 10.

The following individual holdings included in the portfolio represent more than 10% by value of the total:

Barclays Global Investors Ltd. Charitrak UK Equity Index Fund
Barclays Global Investors Ltd. Gilttrak Accumulating Share Class
£45,385,946
£15,832,901

#### 15 SUBSIDIARY UNDERTAKINGS

The Group's financial statements incorporate those of the IET's wholly owned subsidiary companies, IET Services Limited, IEE Conventions Limited, INSPEC Inc and the Institution of Engineering and Technology incorporated in India (IET(India)).

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. 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 company INSPEC Inc. Total expenditure of INSPEC Inc included in the accounts was £551,894 (2007: £537,146).

IET (India) is registered in Bangalore as a not-for-profit company incorporated under section 25 of the Indian Companies Act with charitable objects consistent with those of the IET in the UK.

The trading results of IET Services Limited (IETSL) and IEE Conventions Limited (IEECL) are shown in note 3 and summary balance sheets presented below:

IETSL 2008 £000	IETSL 2007 £000	IEECL 2008 £000	IEECL 2007 £000
-	-	48	52
540	600	-	-
	47	-	-
1,548	2,075	664	359
802	466	1,693	1,978
(2,253)	(2,494)	(2,289)	(2,273)
(300)	(300)	-	-
394	394	116	116
300	300	-	_
94	94	116	116
394	394	116	116
	2008 £000 540 57 1,548 802 (2,253) (300) 394	2008 2007 £000 £000 540 600 57 47 1,548 2,075 802 466 (2,253) (2,494) (300) (300) 394 394 300 300 94 94	2008       2007       2008         £000       £000       £000         -       -       48         540       600       -         57       47       -         1,548       2,075       664         802       466       1,693         (2,253)       (2,494)       (2,289)         (300)       (300)       -         394       394       116

# 16 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

Fund balances at 31 December 2008 are represented by:

	Unrestricted Funds £000	Restricted Funds £000	Total Funds 2008 £000	Total Funds 2007 £000
Tangible fixed assets	13,387	1,120	14,507	14,776
Investments	78,481	4,313	82,794	106,960
Current assets	17,378	-	17,378	19,652
Current liabilities	(15,254)	-	(15,254)	(23,856)
Pension scheme liability	(16,406)	-	(16,406)	(3,656)
Total net assets	77,586	5,433	83,019	113,876

# 17 RESERVES AND RESTRICTED FUNDS

				Reserve funded	
	Balance at		Incoming Resources	capital expenditure	Balance at
		Net Investment	before	and reserve	31 December
	2008	(Losses)/Gains	Valuations	transfers	2008
	£000	£000	£000	£000	£000
General Funds	2000	2000	2000	2000	2000
Operations Reserve	25,494	_	-	(312)	25,182
Pension Scheme Reserve	9,269	_	-	14,285	23,554
Revaluation Reserve	11,120	(11,120)	-		
General Reserve	26,904	(10,242)	8,914	(17,140)	8,436
Total IET General Funds	72,787	(21,362)	8,914	(3,167)	57,172
Designated Funds	,	· · · · · · · · · · · · · · · · · · ·			<del>,</del>
Fixed Assets Reserve	14,776	_	-	(375)	14,401
London Lease Redemption Reserve	1,135	_	19	105	1,259
Invested Building Redemption Reserve	5,566	-	93	208	5,867
Building Reserve	8,738	-	(313)	(1,247)	7,178
Development and New Initiatives Reserve	8,201	-	(2,332)	2,590	8,459
Total IET Designated Funds	38,416	-	(2,533)	1,281	37,164
<u> </u>	,			,	
IEECL Accumulated Fund	116	-	-	_	116
IETSL Accumulated Fund	94	-	-	_	94
IET India Accumulated Fund	-	_	(14)	_	(14)
Total Group Designated Funds	38,626	_	(2,547)	1.281	37,360
	30,020		(2,517)	1,201	27,000
Total IET Unrestricted Funds Before	111,203	(21,362)	6,381	(1,886)	94,336
Pension Liability					
Elimination of goodwill on consolidation	(600)	-	-	60	(540)
Total Group Unrestricted Funds Before Pension Liability	110,813	(21,362)	6,367	(1,826)	93,992
Pension Scheme Funding Reserve	(3,656)		(14,917)	2,167	(16,406)
Total IET Unrestricted Funds After	(3,030)		(14,517)	2,107	(10,400)
Pension Liability	107,547	(21,362)	(8,536)	281	77,930
Total Group Unrestricted Funds After Pension Liability	107,157	(21,362)	(8,550)	341	77,586
_					
IET Restricted Fund	1,148	-	-	(28)	1,120
Trust Funds	5,571	(1,194)	(64)	-	4,313
Total IET Restricted Funds	6,719	(1,194)	(64)	(28)	5,433
<del>-</del>					
Total IET Funds	114,266	(22,556)	(8,600)	253	83,363
Total Group Funds	113,876	(22,556)	(8,614)	313	83,019
= Com Group runus	113,070	(22,330)	(0,014)	313	05,017

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

	Funds	Investments
	£000	£000
Accumulated Reserves	79,591	78,481
Trust Funds	4,313	4,313
Pension Scheme Funding Reserve	(16,406)	-
Fixed Assets Reserve	14,401	-
Restricted Fund	1,120	-
	83,019	82,794

During 2008 £4,000,000 cash was transferred from the Investment Managers in accordance with the Investment Policies (2007: cash transferred from the Investment Managers £4,000,000).

#### **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 estimated back service deficit of the two defined benefit pension schemes calculated by the Schemes' Actuaries as reduced by additional contributions made into the scheme against the relevant Recovery Plan.

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 2009 to 2013.

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 2009-2013 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 **IET 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 **Trust Funds** have 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 operates two funded defined benefit occupational schemes to which both the IET and employees make contributions, The IET Superannuation & Assurance Scheme and The Institution of Incorporated Engineers Pension and Life Assurance Scheme.

#### The IET Superannuation & Assurance Scheme

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 scheme is closed to new members.

The best estimate of the contributions expected to be paid to the Scheme by the IET for the year ending 31 December 2009 is £3.337.000.

The tables set out below state the assumptions upon which the valuation of the Scheme was based.

	2008	2007	
	% p.a.	% p.a.	
Price inflation	3.20	3.50	
Pension in payment increases	3.20	3.50	
Salary increases	4.20	5.50	
Discount rate	6.10	5.80	

The mortality assumptions adopted at 31 December 2008 imply the following life expectancies:

Male retiring at age 60 in 2008	27.7
Female retiring at age 60 in 2008	30.3
Male retiring at age 60 in 2028	29.9
Female retiring at age 60 in 2028	32.4

#### Scheme assets and expectation of return

The assets and liabilities of the scheme at 31 December 2008, along with the expected rates of return on scheme assets are as follows:

	Long Term Return % p.a.	2008 Fund Value £000	Long Term Return % p.a.	2007 Fund Value £000	Long Term Return % p.a.	2006 Fund Value £000
Equities	6.80	54,058	7.40	72,239	7.30	67,346
Bonds	3.80	17,071	4.40	18,060	4.30	16,836
Total fair value of assets		71,129		90,299		84,182
Actuarial value of scheme liabilities		(87,563)		(93,741)		(90,684)
Net pension liability		(16,434)		(3,442)		(6,502)

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

# Analysis of the amount charged to Statement of Financial Activities

	2008	2007
	£000	£000
Current service cost	1,078	922
Expected return on pension scheme assets	(6,104)	(5,622)
Interest on pension scheme liabilities	5,366	4,574
Net return	(738)	(1,048)
Actuarial gains/(losses) on plan assets	(24,191)	1,032
Actuarial gains/(losses) on obligation	9,101	(468)
Actuarial gain/(loss) recognised in SoFA	(15,090)	564
Cumulative actuarial gain/(loss) recognised in SoFA	(10,501)	4.589
Cumulative actual an gam/(1055) recognised in 50FA	(10,501)	7,507

#### Reconciliation of defined benefit obligation

	2008	2007
	£000	£000
Opening defined benefit obligation	93,741	90,684
Current service cost	1,078	922
Interest cost	5,366	4,574
Contributions by plan participants	371	409
Actuarial losses/(gains)	(9,101)	468
Benefits paid	(3,892)	(3,316)
Closing defined benefit obligation	87,563	93,741

#### Reconciliation of fair value of plan assets

	2008	2007
	£000	£000
Opening fair value of plan assets	90,299	84,182
Expected return on assets	6,104	5,622
Contributions by plan participants	371	409
Contributions by the employer	2,438	2,533
Actuarial gains/(losses)	(24,191)	1,032
Benefits paid	(3,892)	(3,479)
Closing fair value of plan assets	71,129	90,299

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

	2008	2007
	%	%
Equities	76	80
Bonds	24	20
	100	100

Amounts for the current and previous four periods are as follows:

	2008	2007	2006	2005	2004
	£000	£000	£000	£000	£000
Feirnalus of also south	<i>7</i> 1 120	00.200	04 100	71.540	50.210
Fair value of plan assets	71,129	90,299	84,182	71,540	59,210
Present value of defined benefit obligation	(87,563)	(93,741)	(90,684)	(88,365)	(75,267)
Deficit	(16,434)	(3,442)	(6,502)	(16,825)	(16,057)
Experience adjustments on scheme assets					
Amount	(24,191)	1,032	1,286	8,127	2,702
Percentage of scheme assets	(34.0)%	1.1%	1.5%	11.4%	4.6%
-					
Experience adjustments on scheme liabilities					
Amount	2,060	_	-	(866)	924
Percentage of present value of scheme liabilities	2.4%	_	_	(1.0)%	1.2%
				. ,	
Total actuarial gains/(losses) on obligation					
Amount	9,101	(468)	1,804	(9,726)	(4,828)
Percentage of present value of scheme liabilities	10.4%	(0.5)%	2.0%	(11.0)%	(6.4)%
2 1		/			. , , ,

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 best estimate of the contributions expected to be paid to the Scheme by the IET for the year ending 31 December 2009 is £100,000.

In accordance with the requirements of Financial Reporting Standard 17 the full actuarial valuation at 31 October 2007 was updated by JLT Benefit Solutions Limited, Consulting Actuaries as at 31 December 2008. The major assumptions used by the actuary were:

	2008	2007
	% p.a.	% p.a.
Price inflation	3.20	3.50
Pension in payment increases, pre April 1997	3.20	2.80
Pension in payment increases, post April 1997	5.00	5.00
Salary increases	4.20	5.50
Discount rate	6.10	5.80

The mortality assumptions adopted at 31 December 2008 imply the following life expectancies:

Male retiring at age 60 in 2008	26.8
Female retiring at age 60 in 2008	29.7
Male retiring at age 60 in 2028	27.9
Female retiring at age 60 in 2028	30.7

# Scheme assets and expectation of return

Scheme assets are held in a separate fund administered by Norwich Union. The assets and liabilities of the scheme at 31 December 2008, along with the expected rates of return on scheme assets are as follows:

	Long Term Return % p.a.	2008 Fund Value £000	Long Term Return % p.a.	2007 Fund Value £000	Long Term Return % p.a.	2006 Fund Value £000
Norwich Union DAF Fund	3.25	1,513	4.75	1,905	4.75	1,878
Total value of assets		1,513		1,905		1,878
Actuarial value of scheme liabilities		(1,485)		(2,119)		(2,292)
Deficit in funded scheme		28		(214)		(414)
Actuarial value of unfunded liabilities		-		-		-
Unrecognised past service cost		-		-		-
Irrecoverable surplus		-		-		-
Deficit recognised in balance sheet		28		(214)		(414)
Related deferred tax liability		-		-		
Net pension liability	•	28	•	(214)		(414)

# Analysis of the amount charged to Statement of Financial Activities

	2008 £000	2007 £000
Current service cost	12	19
Expected return on pension scheme assets Interest on pension scheme liabilities	(78) 106	(88) 111
Net return	28	23
Actuarial gains/(losses) on plan assets Actuarial gains/(losses) on obligation Actuarial gain/(loss) recognised in SoFA	(31) 204 173	(6) 34 28
Cumulative actuarial gain/(loss) recognised in SoFA	196	23

# Reconciliation of defined benefit obligation

	2008	2007
	£000	£000
Opening defined benefit obligation	2,119	2,292
Current service cost	12	19
Interest cost	106	111
Contributions by plan participants	2	3
Actuarial losses/(gains)	(204)	(34)
Benefits paid	(550)	(272)
Closing defined benefit obligation	1,485	2,119

#### Reconciliation of fair value of plan assets

			2008 £000	2007 £000	-
Opening fair value of plan assets			1,905	1,878	8
Expected return on assets			78	88	8
Contributions by plan participants			2	3	3
Contributions by the employer			109	214	4
Actuarial gains/(losses)			(31)	(6)	)
Benefits paid			(550)	(272)	)
Closing fair value of plan assets			1,513	1,905	5
Amounts for the current and previous four periods are as	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
Fair value of scheme assets	1,513	1,905	1,878	2,203	_
Present value of scheme liabilities	1,485	2,119	2,292	2,798	-
Surplus/(Deficit) in scheme	28	(214)	(414)	(595)	-
Experience adjustment on scheme assets Amount Percentage of scheme assets	(31) (2.0)%	(6) 0.0%	(31) (1.6)%	(28) (1.3)%	-
Experience adjustments on scheme liabilities Amount Percentage of present value of scheme liabilities	79 5,3%	28 1.3%	50 2.2%	95 3.4%	-
referringe of present value of scheme habilities	3.370	1.370	2.270	3.4%	-

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 2008, 82 employees were members of the scheme (2007: 87). The total employer contributions paid to this scheme during the year amounted to £195,347 (2007: £210,224).

On the merger of the IEE with the IIE, the IET assumed responsibility for the IIE's defined contribution pension arrangement. At 31 December 2008, there were no members of the scheme (2007: 1). The total employer contributions paid to this scheme during the year amounted to £3,295 (2007: £6,330).

The pension charge for the year to 31 December 2008 for all schemes was £1,344,903 (2007: £1,108,867).

# 19 $\,$ RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2008	2007
	£000	£000
Net incoming/(outgoing) resources	6,616	(4,090)
Depreciation and amounts written off in connection with assets no longer in use	762	812
Loss on sale of fixed assets	-	3
(Increase)/Decrease in stocks	(143)	6
Increase in debtors	(4,251)	(160)
(Decrease)/Increase in creditors	(714)	2,549
(Decrease)/Increase in amounts received in advance	(7,888)	7,593
Decrease in payments in advance	130	195
Decrease in Pension Scheme Liability net of Actuarial Gains and Losses	(2,167)	(2,668)
Interest received	(308)	(392)
Rent received	(3)	(16)
Dividends received	(2,514)	(1,664)
Investment management fees	127	170
Net cash (outflow)/inflow from operating activities	(10,353)	2,338

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

	At 1 January 2008 £000	Cash flow £000	At 31 December 2008 £000
Short-term deposits and cash at bank and in hand	12,753	(9,138)	3,615
Cash on term deposit	150	2,600	2,750
	12,903	(6,538)	6,365

# 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
Incoming Resources	47,177	140	47,317
Resources Expended	41,110	204	41,314
Net Incoming/(Outgoing) Resources	6,067	(64)	6,003

#### 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
 The Joseph William Beauchamp Scholarships
 Lord Hirst Fund
 The Caroline Haslett Memorial Trust
 Registration number: 313514
 Registration number: 209127
 Registration number: 313245

• The Institution of Electrical Engineers Manufacturing Education Trust administered and reported within the IEE Benefactors Trust Fund.

Registration number: 313387, which is

	CAPITAL & RESERVE				
	REVENUE	REVENUE FUNDS		REVENUE FUNDS	
	Market	Market			
	Value	Value			
	2008	2007	2008	2007	
	£	£	£	£	
IEE Benefactors Trust Fund (14)	3,376,726	4,295,620	(42,315)	12,563	
Beauchamp Scholarship (2)	54,748	69,619	-	246	
National Electronics Council (note below)	202,857	257,960	-	743	
J S Robinson and O M Robinson Memorial Scholarship (22)	82,357	104,728	-	371	
IEE Manufacturing Prizes and Awards (note below)	114,860	146,060	11,907	10,151	
J R Beard Travelling Fund (4)	7,665	9,929	<del>.</del>	82	
Blumlein-Browne-Willans Premium Fund (5)	2,043	2,599	4,757	5,782	
Faraday House Commemorative Prize	2,281	2,901	5,906	7,188	
Hearn Lecture	8,161	10,378	4,856	5,663	
Lord Hirst Fund	30,498	39,311	-	222	
Lord Hirst Reserve Revenue Fund	93,189	118,503	92,420	110,261	
P S Hudswell Bequest Fund (9)	38,558	50,748	-	624	
P S Hudswell Bequest Fund Reserve Revenue Fund (9)	9,308	38,273	-	598	
Hunter Memorial Lecture Fund (11)	5,260	6,689	1,880	2,109	
Henry Nimmo Premium Fund (16)	1,682	2,139	2,205	2,651	
Leslie H Paddle Scholarship (27)	37,558	48,423	-	343	
Wilde Benevolent Trust Fund (1)	4,832	6,144	3,879	4,590	
Anonymous Donation	1,589	2,021	4,028	4,901	
Undergraduate Scholarships & Grants (details below)	75,368	96,579	-	535	
Benefactors prizes (details below)	1,545	1,965	2,260	3,032	
Paul Fletcher Memorial Award Fund (ex IIE)	7,302	9,285	362	158	
The Caroline Haslett Memorial Trust (ex IIE)	10,827	13,257	513	207	
The IIE Prize Fund (ex IIE)	18,876	24,004	934	408	
Young Member Career Achievement Award Fund (ex IIE)	7,219	9,180	357	156	
Gerald David Memorial Fund	5,314	6,761	263	116	
IET International Scholarship	1,880	2,508	-	39	
Harry Dixon Award Fund (ex IIE)	16,701	21,336	-	101	
	4,219,204	5,396,920	94,212	173,840	
Harry Henniker Prize Fund	-		2,388	2,388	

# 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).