

# THE IET TRUSTEES' ANNUAL REPORT AND ACCOUNTS



Year ended: 31 December 2015

# INTRODUCTION

## from the President and Chief Executive and Secretary

During 2015 we made great progress in our mission to inspire, inform and influence: by championing engineering to parents and young people; by supporting engineers at each stage of their career; and by influencing policy makers, media and other stakeholders to understand the importance of engineering to the economy and to meeting the needs of society.

Our strategy centred around five key priorities to ensure the IET supports its members and the wider engineering community. Activities focused on demonstrating public relevance of engineering, engagement, increasing the recruitment and retention of students and young people, providing knowledge services and promoting professionalism in the workplace.

### Inspire

In 2015, the IET launched its **Engineer a Better World campaign** aimed at parents and young people to challenge the misconceptions of engineering and demonstrate how engineering could be an exciting career choice. To support the campaign, the IET launched a film and in-depth research, as well as a successful 'Ask the Engineers' campaign with the popular parenting website, Mumsnet. The IET also partnered with venues and organisations across the UK to launch its first Engineering Open House Day, giving young people the chance to go 'behind the scenes' and find out what engineers do – an initiative that we plan to grow in 2016.

2015 also saw the launch of the IET **Global Challenge** aimed at Young Professionals. In partnership with RedR UK, the competition required teams to solve a real-life engineering issue, attracting international entries.

The **Faraday programme** supports Science, Technology, Engineering and Mathematics (STEM) in schools in the UK and was piloted for the first time in India with the support of IET volunteers.

### Inform

The IET successfully published Amendment 3 of the 17th Edition of the **Wiring Regulations** (BS 7671:2008) and saw the expansion of its portfolio of knowledge services: **Inspec**, the IET's global abstract and indexing database, grew to house over 15 million records and the **IET.tv** online platform was re-launched on a new platform, providing a video resource that enables event content to be accessible to members anywhere in the world.

Throughout the year, over 122,000 people attended an IET event on topics ranging from the Internet of Things to Life skills.

In September, the IET held a **Special General Meeting** to discuss proposals to strengthen its future governance structure. A further vote on the proposals is taking place in early 2016.

At the end of the year, **IET London: Savoy Place** reopened its doors after a thirty month refurbishment programme, which has transformed the building into a 'global engineering hub'. The extensive conference facilities and member services, including the Faraday Centre and Knowledge Centre, are now attracting visitors back into the building and we are looking forward to welcoming many more members in 2016.



*“Through IET sponsorships, award schemes, education initiatives and partnerships, we will continue to champion an engineering career to future generations – while also offering engineers and technicians the technical knowledge and professional development they need on each stage of their career path.”*

Nigel Fine, Chief Executive and Secretary



## Influence

To coincide with the **UK General Election**, the IET ran a joint campaign aimed at members and policymakers, highlighting important engineering-related policy recommendations.

The IET's 'Contacting Emergency Services in the Digital Age' report called for the UK's emergency call service to extend beyond voice calls, reflecting use of smartphone technology and social media. The report, supported by the Cabinet Office, received widespread media interest. In India we launched a report into engineering Accreditation trends. In 2016, policy work will continue to focus on the impact that engineering and technology has on society and will include the publication of a **Tech Savvy** report.

Our fundraising initiative, **Impact Engineering**, built valued relationships with corporate sponsors, charitable trusts and foundations whose support is vital to our work. Our thanks extend to all our sponsors and donors including those individuals who have generously supported the Take Your Place fundraising campaign.

The IET's first female President took office in 2015 and this has given us the opportunity to raise the issues of diversity, and the engineering and technology skills shortage, in the media. The 2015 IET Skills and Demand in Industry survey reports that only 9% of the UK engineering workforce is female. The IET partnered with **Prospect**, the union for professionals, to launch practical guidance for employers to attract and retain female engineering talent.

Throughout the year the number of registered members grew by 2,168, taking the IET's total **membership** to over 167,000. The IET also increased the number of non-student and apprentice members below the age of 40 to 36,680.

The IET extended its international **accreditation** reach and doubled the number of visits made to universities in India and China in 2015 and will continue to support its members at each stage of their career to track their professional development.

Looking ahead, the IET will continue to build on these achievements, working with our volunteers to raise the profile of engineers, and to challenge societal misconceptions about engineering. The IET will also expand on its support to members and the wider engineering community through its knowledge and professional services – with particular focus on helping members work towards their mandatory CPD (continuing professional development) requirements in 2017, and on ensuring that our services to members are tailored to each geographical region.

We are looking forward to the year ahead and to working to further promote engineering and technology to a growing number of engineers and members of the general public.

*"The IET is working to Engineer a Better World by inspiring the next generation of engineers, supporting the current one and promoting professionalism in all that we do. We will continue to raise the profile of engineers and technicians to demonstrate the critical role that they are playing in society – now and in the future."*

Naomi Climer, IET President

Naomi Climer  
IET President

Nigel Fine  
Chief Executive and Secretary

# INSPIRE



**OF AWARDS AND PRIZES EACH YEAR**



**794,000 IET VIDEO VIEWS ON YouTube™**



**INCREASED THE NUMBER OF NON-STUDENT AND APPRENTICE MEMBERS BELOW THE AGE OF 40 TO**

**OVER 36,600**



**OVER 6,420 PAPERS PUBLISHED**

# INFORM

**15M**



**DIGITAL LIBRARY PLATFORM USERS EXCEEDED 912,500**

**Inspecc**

**ABSTRACT RECORDS**

**THE IET EXCEEDED 40,196 ONLINE COMMUNITY MEMBERS**



# INFLUENCE



**150 COUNTRIES**

**167,000 MEMBERS WORLDWIDE**

**112,200 VIDEO VIEWS ON IET.tv**

**IET REGISTERED MEMBERS GREW BY 2,168**



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# REPORT OF THE TRUSTEES

## Aims and objectives

The governing documents of the Institution of Engineering and Technology (IET) are its Royal Charter and Bye-laws, which can be viewed at the Institution's website ([www.theiet.org](http://www.theiet.org)). The purpose of the IET is identified in the Charter as being "to promote the general advancement of science, engineering and technology and to facilitate the exchange of information and ideas on these subjects amongst the members of the IET and otherwise."

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

The main activities undertaken by the charity and which form the basis of reporting, are as follows:

**Knowledge-sharing** activities to gather and distribute scholarly and professional content through a variety of physical and online channels to a global audience, drawing on the unique strengths of its membership and communities.

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

**Education, Policy and Awareness** activities which seek to engage young people and the wider public in the roles played by science, engineering and technology in enhancing people's lives; as well as informing government policy formulation.

These activity areas form the basis of reporting and are respectively overseen by the Knowledge Services Board, Membership and Professional Development Board and directly by the Board of Trustees.



We currently have over  
40,000 online IET

Engineering Community Members.

## Strategy and KPIs

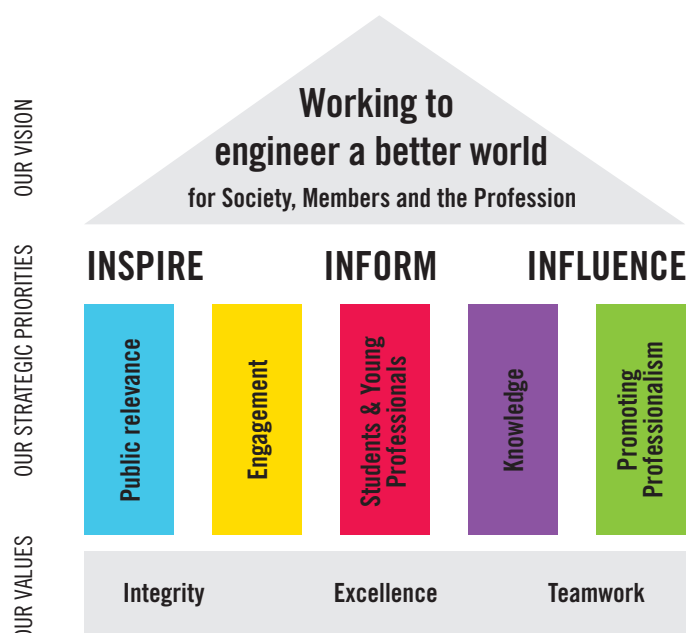
The IET seeks to deliver its aims by pursuing the five key strategic priorities shown in the strategic model below.

The IET's success is measured via strategic key performance indicators (KPIs) which are matched against each of the strategic objectives and enabling values. A table of these KPIs is set out on the IET's website.

In addition to these priorities, the IET recognises the importance of ensuring that the charity, through its volunteers and staff, delivers its objectives in a professional, efficient and effective way, as captured in its key values.

The IET's strategies in respect of these priorities are briefly described below, together with the relevant strategic KPI.

Fig.1: The IET Strategic Model



### 1. Demonstrating the public relevance of engineering and technology

In the 21st Century, humanity faces large scale and constantly fluctuating global challenges and engineers, academics and technicians have a vital role to play in their solutions. This provides an opportunity for organisations such as the IET to demonstrate their global relevance and for IET members to share a sense of common purpose in delivering benefit to society.

The IET will therefore seek to show the importance of engineering and technology, the professional and academic communities and the IET as solution providers for global issues.

**KPI: A bespoke, quality-based measure of the impact of the IET in the media**

## 2. Engagement with members and the professional community

The IET community, with regards to both current members and potential members, is key to achieving the IET's Vision and as such, engagement with that community continues to be a priority.

The IET will continue to pursue its interdisciplinary approach and ensure that the community has a broad understanding of engineering and technology issues. The IET focuses its activities on five Sectors in order to meet the needs of the engineering and technology community.

Beyond these Sectors, the IET will continue to invest in its online and offline community tools and services, including conferences, lectures and other events. These enable those with a common technical or professional interest, or those in the same geographical area, to form communities and share knowledge and ideas.

**KPI: Physical and virtual attendance at our events**

## 3. Relevant offerings to increase the recruitment and retention of students and young professionals

In order to sustain its membership base, the IET must engage with young people and continue to deliver a valuable offering to them as they move through their careers.

Engineers and technicians may change employers, roles and locations several times during their career and, in order to support them fully, the IET aims to position itself as a professional home for life – providing relevant and appropriate professional development for each career stage. In particular, it will focus on improving its appeal to both young people and those in the early stages of their career.

**KPI: Number of non-student/apprentice members below the age of 40**

## 4. Providing essential engineering intelligence and knowledge solutions

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

The IET's focus is on providing the optimum mix of high quality intellectual content, workflow tools and intelligence solutions to help engineers and technicians make the best decisions for their careers and organisations.

**KPI: Number of papers published and the average journal Impact Factor**

## 5. Working with academia, industry and government to promote professionalism in the workplace

Professionalism is at the heart of the IET and its activities. IET membership signifies an adherence to a professional code of conduct and to ongoing professional development.

Professional Registration establishes a member's proven knowledge, understanding and competence. It also demonstrates a commitment to professional standards and to developing and enhancing that competence to peers and for employers.

The IET will work closely with academia, industry and government to ensure that engineering is an attractive career which offers continual development. The IET believes that engineers can make a difference to the world – and will make sure that industry has access to the right skills and experience.

**KPI: Number of newly professionally registered members**

## 6. Delivering our values of integrity, excellence and teamwork

Achieving the IET's goals relies on effective 'one team' working between IET staff, who provide functional expertise; and volunteers, who provide the reach and technical expertise to deliver the IET's strategy.

The IET has a focus on developing practical tools to support volunteers and prioritises communication with volunteers and representation of member volunteers on the IET's governing boards and committees.

With the wider engineering community increasingly looking to the web to provide instant access to relevant content, the IET's digital presence provides an opportunity to reach out to professionals on a global basis.

The IET continually improves and updates its digital presence in order to deliver relevant content, community networking opportunities and tools to support professional development.

Ensuring the long-term financial sustainability of the Institution is dependant largely on fee-charging and primary-purpose trading. Ensuring the success of its chargeable services therefore enables the delivery of net-cost activities within an overall financial framework designed to maintain adequate long-term reserves and a sustainable medium-term operating base.

**KPIs: Volunteer satisfaction, member value rating, website visitors and financial budget**

## Volunteering

Thousands of volunteers are crucial to the realisation of many of the IET's key outcomes, including:

- assessing applicants for professional registration with the support of over 1,000 volunteers
- providing effective and robust governance
- giving their time to encourage students to engage in science, engineering and technology
- providing expert advice to government; with 250 volunteers involved in policy and sector panels
- delivering interesting and appealing events around the world. During 2015, IET volunteers were instrumental in the delivery of over 1,300 events across the globe.

## Fundraising

The funding we receive from donors can make a huge difference to our charitable impact – without this we would not be able to help as many young people choose careers in Engineering.

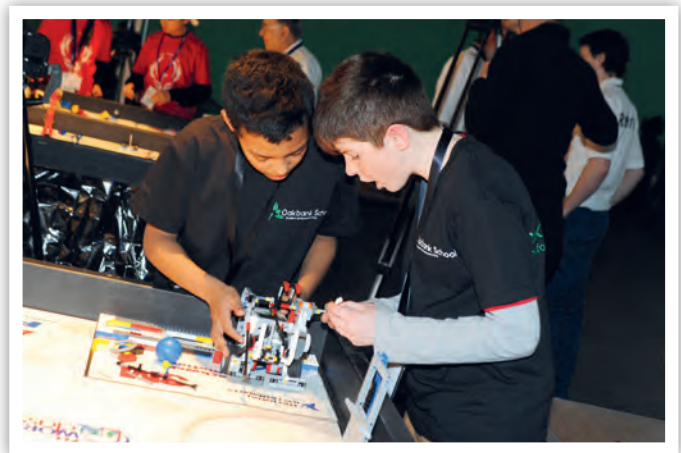
The IET's fundraising campaign, Impact Engineering, is going from strength to strength and we are indebted to the generous corporate sponsors, trusts, foundations and individuals listed below for their new or continued support:

- BAE Systems plc
- Bechtel
- The Belling Charitable Settlement
- BT Plc
- The Donors of Take Your Place
- The ERA Foundation
- The European Virtual Institute for Gas Turbine Instrumentation
- Graham and Kathleen Tubbs
- The Jack Petchey Foundation
- Motorola Solutions Foundation
- Robert Bosch UK Holdings
- Royal Commission for the Exhibition of 1851
- Siemens Plc
- UK Electronic Skills Foundation
- And other donors

The new funds pledged during the year of over £1million enabled the IET to progress the twin priorities of the campaign: a scholarships and awards programme to support the engineering talent of the future and a portfolio of initiatives to underpin a renewed stimulus for engineering. In 2015, the IET was able to award 65 additional scholarships to engineering students with a further 170 to be added over the next three years, as well as educational projects such as Faraday and *FIRST*<sup>®</sup> LEGO<sup>®</sup> League.



*IET Faraday Challenge Day winners 2015*



*Competitors at the FIRST<sup>®</sup> LEGO<sup>®</sup> League Final 2015*

## Grant making

Within its unrestricted activities, the IET provides a number of grants to other not-for-profit entities, notably with respect to certain initiatives aimed at 5-19 year old students, where impact is achieved more effectively by a collaborative approach.

The IET provides budget allocations to groups of volunteer members to support, typically, Local Network activity around the world. Applications are assessed by volunteer committees on the basis of business cases provided and activities are reported within the charity.

The IET also has responsibility for a range of restricted funds, typically resulting from legacies or donations. Many of these take the form of scholarships, but the Institution also has responsibility for the award of research grants from the Dr A F Harvey Fund. The award of these scholarships and grants is overseen by the IET's Scholarships Committee.



# Achievements and Performance

The IET has continued its positive progress against its strategy and objectives in 2015 as described in the following sections. Although the strategy is typically delivered by collaborative working across the organisation, individual strategic KPIs have been included against the lead activity area which support their delivery.

## Knowledge Sharing

This area of activity is overseen by the Knowledge Services Board. Activities reflect the value of engaging professionals (whether IET members or not) in greater knowledge sharing. This is achieved through the provision of:

- technical and academically driven events
- peer-reviewed research publications, including Inspec, the IET’s abstract and indexing database
- books, magazines and web-based content
- the IET Wiring Regulations (BS 7671) and associated peer-reviewed guidance which support safe and effective electrical installation
- the funding and facilities to enable physical and virtual communities to form around areas of professional interest.

## What we said we would do

Our 2015 KPIs were as follows:

KPI	2015 target	2015 outcome
Event Attendees	114,050	122,398
Papers Published	6,450	6,427
Unique Website Visitors per month	535,000	566,166

In addition, the latest amendment of the IET’s Wiring Regulations was to be made available both in print and via a digital subscription in 2015.

 Over 1,500 worldwide events attracted over 122,000 delegates.

## What we achieved

### International events programme

2015 featured a full programme of IET organised events with a mixture of free-to-attend, volunteer led and paid-for content, which took place across the globe. As a result of hosting this global portfolio of events, the IET was able to exceed its target of attracting over 114,050 attendees.

Highlights from 2015 included over 1,300 free-to-attend lectures and seminars on cutting-edge subjects including the *Internet of Things* and *Robotic Science for Autonomous Vehicles*.

Call for Papers conferences held during 2015 included *System Safety and Cyber Security, Resilience of Transmission and Distribution Networks (RTDN)* and the *7th EVI-GTI International Gas Turbine Instrumentation Conference*.

In China, Call for Papers conferences were held on *Renewable Power Generation* and *Biomedical Image and Signal Processing*. These events attracted almost 600 abstracts between them.



Renewable Power Generation (RPG) Conference, 2015 in China

In India, the IET Pinkerton Lecture was delivered across 3 cities, attracting a total of 950 delegates. The Lectures were delivered by Dr Robert Pepper of Cisco Systems and entitled *Reimagining Society Through the Internet of Everything*.

## Relaunch of IET.tv

The IET.tv Service was relaunched in April 2015 and included new functionality and content to help members and non-members access the 7,500+ technical resources that are available.

Search functionality has been improved and 'recommendations' included. The service is now fully 'mobile friendly' and a range of tools were introduced to allow content creators to manipulate, share and download video content.

These changes have resulted in far more content being accessed by users during 2015 – and from 2016, IET.tv usage will be highlighted as one of the institution's strategic KPIs (see below).

## New communities

Three new technical networks were created during the year; *Power Electronics, Machines and Drives, Cyber Security and Gas Turbine Instrumentation*. Over 60 technical networks and over 39,000 regular users were registered within MyCommunity, the IET's social networking tool and new Local Networks were launched in South Africa, Kuwait, Oman, Qatar and India.

## Information for academics and practitioners

A new, world-class collection of multidisciplinary, technical articles and case studies was launched. Entitled 'Engineering & Technology Reference', the collection was developed as a resource for engineers, researchers and students to help them solve day-to-day technical issues and improve engineering know-how.

Three new IET Standards publications were also developed:

- The Code of Practice for Grid-connected Solar Photovoltaic Systems
- Exterior Lighting Systems Recommendations
- The Guide to Electrical Maintenance

During 2015, the IET devoted a lot of resources to enhancing the services it provides to its global audience via the internet, leading to a better than expected performance with regards to website visitors.

In January 2015, the 3rd Amendment to the 17th Edition of BS 7671 (The Wiring Regulations) was published both in print and via the IET's new service, ES+; a subscription based service which provides users with online and mobile access to a number of standards, books and relevant discussion fora.

Content is also automatically updated and includes electronic referencing between regulations and guidance.

The IET Marketplace product was withdrawn during the year to allow resources to be applied to other new product development opportunities.

## Our plans for 2016

The existing strategic KPIs will be supplemented by average viewer numbers for IET.tv and a new KPI will be added to reflect the importance of Impact Factors for our journal output.

The IET will run a selection of high quality Call for Papers events aimed at the academic community, including *Developments in Power System Protection* and *Power Electronics, Machines and Drives*.

In China, the IET's successful AC/DC Call for Papers conference will be run for the first time, with a goal of strengthening relationships and knowledge sharing on the subject, for the benefit of professionals and academics in the region.

In addition:

- The IET will look to build on the success of its social network, MyCommunity, which was rebranded IET Engineering Communities during 2015, and will expand its use to over 50,000 regular users.
- Following an extensive refurbishment, IET London: Savoy Place will run a full calendar of events and meetings and provide the engineering community with a full suite of facilities, including meeting rooms, two lecture theatres, a brasserie, and a members' lounge and Knowledge Centre/library – see pictures adjacent.
- The IET's Sectors team will encourage interdisciplinary engineering knowledge sharing via a partnership with the Motorsport Industry Association, and work closely with UK Catapults. A series of events are planned, alongside specific components tailored towards SMEs.
- A new academic journal will be launched on the subject of Biological Engineering.
- The IET will launch an IET Learning Academy, an online e-learning tool that will support engineers in their professional development, in readiness for Continuing Professional Development (CPD) monitoring from 2017.
- New technical standards will continue to be developed.
- Enhancements will be made to Inspec, the IET's abstract and indexing database.



A 'Festival of Engineering' is planned for 6 October at Savoy Place, bringing together leading engineers and technicians from all over the world.

# Savoy Place

Faraday Kitchen



100 Engineering Ideas That Changed The World



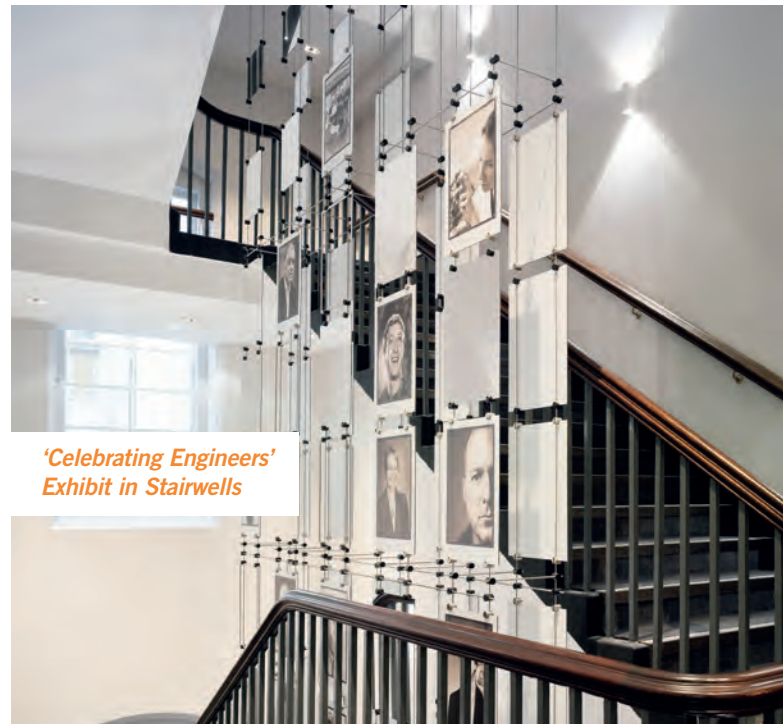
Reception and Digital Chandelier



Maxwell Library



Kelvin Lecture Theatre



'Celebrating Engineers' Exhibit in Stairwells

# Membership and Professional Development

The IET aims to encourage the active involvement of engineers and technicians in lifelong learning and the development of greater competency. Membership provides a framework for professional development, while the achievement of relevant qualifications encourages individuals to aspire to and meet the appropriate professional standards within their area of expertise. This area of IET activity is overseen by the Membership and Professional Services Board.

The IET's membership packages are tailored to career stage, with a particular recognition of the importance of the transition from student status into a professional career, alongside the need to establish and maintain a positive approach to further knowledge acquisition.

## What we said we would do

KPI	2015 target	2015 outcome
Number of new registered members	2,100	2,168
Number of non-student and apprentice members below the age of 40	36,680	38,018
Number of partners engaged in international engineering network	8	8

In addition, the IET intended to extend its quality assurance expertise and accreditation of high quality engineering degrees in both India and China.

## What we achieved

As detailed above, the IET was able to over achieve on its target of recruiting younger members. Via activities including our Global Challenge competition and tailored membership packages aimed specifically at young professionals, the IET assisted those beginning their engineering careers and continues to help them strive to reach the next level in their professional development.

The IET successfully registered an additional 2,168 engineers during 2015, keeping pace with our achievements from 2014.

During 2015, the IET also achieved its goal of extending its international accreditation reach and doubled the number of visits made to Universities in India and China. During these visits, the content of their relevant engineering education programmes was reviewed across areas including relevance, challenge and resources, and assessed against the educational requirements of the UK Standard for Professional Engineering Competence (UK-SPEC).

Individuals with awards from IET accredited programmes will avoid some or all of the detailed assessment of the educational requirements necessary for Incorporated Engineer (IEng) or Chartered Engineer (CEng) registration, making the professional registration process more straightforward. In this way, the IET will add to the professional standard of the global engineering talent pool.

Other notable membership and professional development activities undertaken by the IET in 2015 included:

### *An expansion of the IET's Present Around the World (PATW) Competition*

The PATW competition provides young professionals with a high profile opportunity to build their presentation skills. During 2015, the IET aimed to extend the global reach of this competition and accordingly, the number of IET-run PATW competitions held outside the UK increased during 2015, with 24 competitions being held in China alone. The events held in China attracted a total of 600 participants and a live audience of over 2,000.



Winners of the Global Challenge 2015, the Salt of the Earth team



Robert Mayall, Winner of Present Around the World 2015

### Increased numbers of scholarships

Following successful fundraising, the number of Diamond Jubilee Scholarships was extended from 25 in 2014 to 60 student awards in 2015. Each student received £1,000 per each year of academic study. In order to bridge the gap between academia and industry, the IET will continue to facilitate scholar engagement with employers.

### Enhanced Continuing Professional Development support tools

The IET supported the professional development of engineers and technologists at all stages of their career throughout 2015. This is evidenced by the number of regular users of the IET's online professional development system, Career Manager, which grew to 6,300, compared to 2,500 regular users in November 2013. The IET's Career Manager tool allows users to manage their initial professional development, CPD and professional registration applications.

2015 (the first annual CPD review cycle fully supported by Career Manager), saw the average CPD hours submitted by users of the service being, on average, 4 times the IET recommended minimum of 30 hours per year.

### Our plans for 2016

- Research will take place to inform the development of a relevant service to support small to medium sized engineering companies and their employees.
- The IET will continue to support the development of its members via Career Manager. The IET aims to increase the number of regular users of the service in 2016.
- A new bursary scheme, called the *Engineering Horizons* bursary, which is aimed at undergraduates and apprentices in financial need, will also be launched in 2016.



167,000 worldwide members in 150 countries.

## Education, Policy and Awareness

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

**In addition to its work with young people and teachers, the IET aims to provide informed opinion to guide public policy formation, raise awareness of the value of engineering within government and engage the public regarding their understanding of relevant technical issues.**

The IET uses a bespoke metric called 'Quality Coverage' to measure the effectiveness of its media engagement. This metric produces a score for each item of coverage against a set of criteria which is 'weighted'; with high scores being given to those that mention key themes or feature IET spokespeople, for example.

Quality Coverage guides the Institution to focus on gaining positive coverage for its key messages and themes in quality, targeted media. The metric, which was introduced in 2015, also allows us to effectively measure our global public relation and media strategies according to criteria which can be tailored to the most effective communications media within any given territory.

### What we said we would do

KPI	2015 target	2015 outcome
Quality Coverage	7,254	8,053
% of volunteers satisfied with their volunteering experience	79.0%	79.9%

Other key initiatives in this area for 2015 were:

- The launch of a PR campaign aimed at parents and girls to challenge misconceptions of engineering in both groups and showcase engineering as an attractive career choice.
- The production and distribution of an *IET 2015 UK General Election* briefing as a guide to support members in promoting the contribution of engineering to the economy and society.
- The completion of research to ascertain whether the Faraday programme (the IET's free teaching resource for students aged 11-19) can be adapted for primary school-age students.

## What we achieved

The standard of education, policy and awareness work delivered by the IET was consistently high during 2015 and included a number of prominent campaigns on a number of important public facing issues.

Of particular note was an IET Briefing entitled *Contacting the Emergency Services in the Digital Age*, which, upon release, generated over 300 pieces of coverage in the UK mainstream media within 24 hours. The interest shown by the media and public in this Briefing highlights the important work that the IET does in raising the beneficial applications of engineering and technology.

In March 2015, the IET launched a campaign entitled *Engineer a Better World* with the aim of inspiring the next generation of engineers and technicians by encouraging young people and their parents to think differently about careers in engineering. The campaign also showcased interesting female role models who have fun, creative and rewarding careers.

Further information on this campaign can be found on page 16 of this report, but the four main components of the work centred on:

- Research to explore the factors that inform parents' and children's opinions about engineering as a career.
- A film to demonstrate young people's natural fascination with everyday engineering problems and solutions (which achieved over 115,000 social media views).
- Engineering Open House Day, inviting young people and parents to inspirational engineering venues across the UK.
- Ask the Engineers: an online initiative with Mumsnet for parents to ask IET experts any tricky engineering or technology related questions posed by their children.

## UK General Election Campaign



# 2015 General Election

## IET calls for six areas of policy change

*Election logo used on digital activities*

The UK General Election which took place in 2015 was a fantastic opportunity to get the public and policymakers talking about the important engineering challenges facing the country.

Via a briefing, the IET encouraged its members to engage with policy makers on these pressing issues. The campaign document was published within the March 2015 edition of *IET Member News* and was sent to over 140 MPs, prospective Parliamentary candidates and key ministerial hopefuls, ensuring that the concerns of the engineering community were debated in the lead up to the election.



*Houses of Parliament, London*

In addition, video to support the document was placed on a number of prominent political websites and attracted coverage in the mainstream UK press.

### Junior Faraday Research

The IET Education department commissioned research into engineering-related teaching at primary school level to understand how best to support primary teachers and inspire younger children.

The research showed that whilst teachers are enthusiastic about STEM, preparation can be time consuming, particularly with regards to the more practical elements involved in generating compelling content.

As a result of this research, the IET will develop an 'out of the box' toolkit aimed at assisting teachers to inspire and inform primary school children. Work will continue on these resources throughout 2016 and partnerships will be explored with TES Connect, the National STEM (science, technology, engineering and mathematics) e-library and other online teaching resource providers.

In addition, the IET launched a Faraday India Pilot Programme in September, which was rolled out to a total of 10 schools. The results of the pilot will inform the development of a full Faraday programme for the country.



*Faraday India Launch and Advisory committee meeting, 3 September 2015*

Other notable education, policy and awareness activities during 2015:

- Work undertaken by the IET's Sectors Team on possible future power system architectures. A series of workshops were held to capture input on the subject from IET volunteers, the Energy Systems Catapult and representatives from Industry. Following the workshops, a report was compiled and delivered by the IET to the Department for Energy and Climate Change.
- An online programme developed with ITN Productions which demonstrates how important engineering and technology have become to societies across the globe. *Working to Engineer a Better World* is available via IET.tv and YouTube.
- The IET's *10th Engineering and Technology Skills & Demand in Industry* survey which was undertaken with 400 engineering employers. The results indicated more skills shortages amongst new candidates than in previous years. The IET will act on this information throughout 2016 to find practical ways to bridge this gap for future years.



The IET's short film demonstrating young people's natural fascination with everyday engineering problems and solutions. Part of the *Working to Engineer a Better World* campaign.

## Our plans for 2016

The existing KPI will be retained and growth in our impact achieved by:

A report examining public opinion regarding future technologies will be produced by the IET, entitled *Tech Savvy*.

The IET will also work hard to inspire the next generation of engineers and technologists by partnering with the BBC on its *Make it Digital* initiative. The IET will deliver teaching resources, training and run in-school events/family activities, to encourage creativity in coding and other digital technologies amongst school children across the UK.



During 2015, the IET awarded £1m of prizes, scholarships and awards to celebrate engineering excellence and inspire the next generation of engineers and technicians.

## Plans for future periods

**The nature of the IET's work is long-term and therefore the Institution expects to continue to build on the core activities described in the report.**

As part of its strategic review the Trustees have identified the following development areas:

- Ensuring that the IET adapts its products and services to meet the needs of engineers operating in an increasingly inter-disciplinary environment.
- Promoting continuing professional development as a key indicator of professionalism and providing content and tools to support Continuing Professional Development (CPD).
- Considering opportunities to extend the IET's international impact where clear demand for specific services exist, including digital service delivery.
- Ensuring a better understanding of the changing needs of academics, to ensure that the IET remains relevant for this key stakeholder group.

During 2016 the IET will continue to prepare for the introduction of the active monitoring of its members' CPD.

As part of ensuring the provision of good quality CPD in the engineering sector, the IET also expects to launch the IET Learning Academy during 2016. The Trustees have agreed this will be funded by drawing on the IET's existing reserves.

In addition, a significant project to refresh the Institution's Customer Relationship Management (CRM) systems will enter its implementation phase during 2016.



*Young Engineers, part of the Engineer Open House Day part of the Engineer a Better World campaign*

## Engineer a Better World campaign

The IET's 'Engineer a Better World' campaign was launched in 2015 to inspire the next generation of engineers and technicians by promoting engineering to young people and their parents.

To support the campaign launch, the IET created a short film: **#LittleEngineers**, to demonstrate young people's natural fascination with everyday engineering problems and solutions. The film is hosted on the campaign's microsite: [www.engineer-a-better-world.org](http://www.engineer-a-better-world.org), along with findings from research carried out with children aged 9-12 and their parents to understand how they currently view engineering – and what should be done to make them view it more positively. These findings give a clear message that most parents, particularly those with daughters, simply are not aware of how many different types of engineering jobs there are – and that these jobs could be so creative, interesting and varied. But, encouragingly, after being shown information on engineering careers highlighting these aspects, three quarters of parents would encourage their children to become engineers, including two thirds of parents with girls.

In July, the IET held its inaugural Engineering Open House Day, in collaboration with high profile organisations including ITN News, National Space Centre, Royal Opera House, Atkins and BRE. Guests were invited to take part in behind the scenes tours, workshops and talks from inspirational engineers. Guests were able to ask questions and find out more about the important role that engineering plays in these venues and organisations. Another Engineering Open House Day is being planned for July 2016.

In November, as part of Tomorrow's Engineers Week, the IET collaborated with popular parenting website, Mumsnet, to assemble a team of engineers to take part in an online Twitter party so that parents and children could tweet their tricky STEM questions for the panel to answer using the hashtag **#AsktheEngineers**. There were over six million views of the conversation on Twitter.

Overall, the Engineer a Better World campaign has received widespread interest across media and social media, helping to generate significant interest and engagement with parents and children.



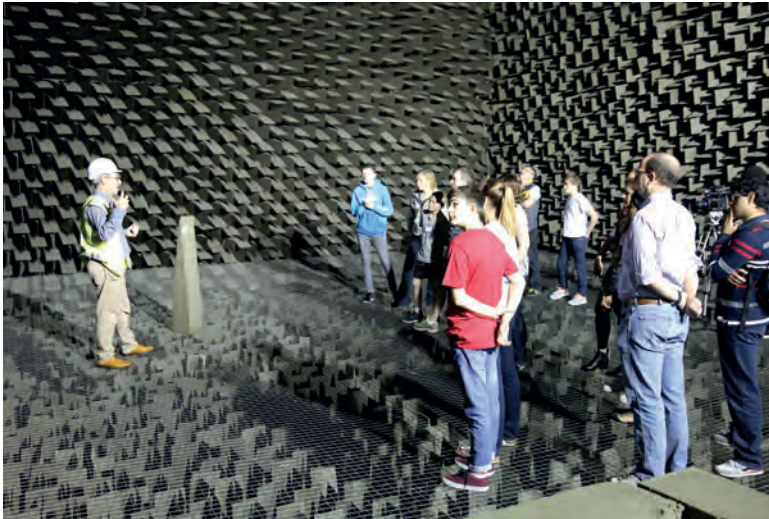
*Engineer Open House Day 2015, at Building Research Establishment (BRE) part of the Engineer a Better World campaign*



*Engineer Open House Day at ITV part of the Engineer a Better World campaign*







*Engineer Open House Day at Brunel part of the Engineer a Better World campaign*

**The Engineer  
a Better World  
campaign will  
continue in 2016.**

# FINANCIAL REVIEW

## Operating model

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

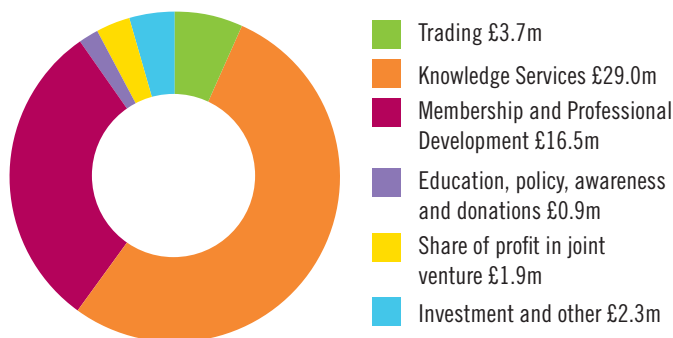
To achieve its objectives, the IET needs to provide its services over the long-term and therefore aims to achieve a sustainable balance of income-generating and net-cost activities over its financial cycle. Given the IET's exposure to highly competitive and relatively mature publishing markets, the Institution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

## Financial outcomes in 2015

The financial statements have been prepared in accordance with *FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The IET's effective date for adopting FRS 102 is 1 January 2014 and the result of the application of the Standard is that a number of comparative figures for 2014 have been restated. The commentary in this Section has similarly restated comparative figures where necessary.

Group income generated in 2015 amounted to £54.3m, split as shown below (2014: £48.0m). Consolidated net income for the year was a surplus of £3.9m (2014: surplus of £10.5m) before the pension scheme actuarial gain/(loss). The activities undertaken in the year were carried out within the framework of budgetary control approved by the Trustees and all the incoming resources of the charity alone have been deployed on charitable activities or retained in the charity's reserves (see Note 16).

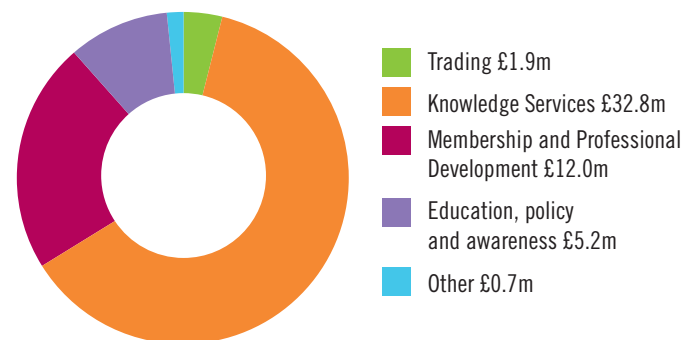
**Fig.2: 2015 Consolidated Income analysis**



Membership and Professional Development income grew by nearly 5% year-on-year, and marginally exceeded expectations, driven by buoyancy in membership numbers. Total membership grew by over 2%, driven by success predominantly in the UK region. Membership numbers in China remained fairly stable and going forward the focus is on forming closer relationships with academic institutions generating high quality journal content. Continued focus on career stages and engagement are expected to support membership growth going forward.

Within Knowledge Services, income demonstrated a year-on-year increase of 22% explained by the introduction of the 3rd Amendment of the 17th Edition IET Wiring Regulations (BS 7671), which was published in January 2015. Academic Publishing revenues were broadly flat compared to 2014 (at constant exchange rates) and limited success was experienced with new products. With significant US dollar denominated sales, the IET also benefitted from a stronger dollar than expected during 2015.

**Fig.3: 2015 Consolidated Expenditure analysis**



Expenditure on Charitable Activities continued to receive close attention. Although expenditure grew by over 8% year-on-year, half of the increase was attributable to costs associated with temporary displacement from Savoy Place – and the reoccupation of the building in the final part of 2015 – together with higher project funding as a back-office systems replacement project commences for the IET. The IET continues to seek improvements in processes and resource allocation to permit sustainable enhancement and extension of its activities.

## Trading activities

The proposed Gift Aid payments to the IET by its UK trading subsidiaries undertaking activity to raise funds for its charitable purposes are £1.9m (2014: £2.5m).

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

The IET owns 100% of the shares in IEE Conventions Limited (IEECL), which in turn has a 34% share in the profits of International Broadcasting Convention Partnership (IBC) and is accounted in IEECL's accounts as a joint venture. IEECL's share of the profits for the year was £1.9m (2014: £2.3m).

## Balance sheet and cash flow

The IET's Group reserves and net assets increased in the year by £6.5m (2014: increase of £9.2m). The more significant movements during the year were as follows:

- There were realised and unrealised gains in non-property investments in the year of £0.3m (2014: gains of £6.8m).
- The Savoy Hill House investment property was valued at £22m at 31 December 2015 resulting in an investment gain of £1.9m (2014: gain of £3.7m).
- Adjustment has been made in accordance with FRS 102 to recognise movements on the assets and liabilities of the IET's two defined benefit pension schemes. There were actuarial gains of £2.6m during the year (2014: actuarial losses of £1.3m).
- Additional contributions totalling £1.7m were made to the two defined benefit pension schemes during the year (2014: contributions of £2.6m).

## Reserves

Total charity funds at the end of the reporting period were £153.6m (2014: £147.4m). Of this the total **restricted funds**, representing income for restricted purposes specified by the donor, not available for the general purposes of the charity at the end of the year were £11.5m (2014: £13.0m).

Within the **unrestricted funds** the Trustees have ear-marked **designated funds** for specific purposes. These include building reserves of £35.3m which could only be realised by disposal of the IET's operational buildings and further amounts of £9.9m which are reserved to ensure those buildings can be refurbished or replaced over the medium to longer term. Further designations are designed to ensure funds are available to support future project investments.

The balance of the Charity's General Funds at 31 December 2015 was £82.0m (2014: £81.6m). Under Charity Commission definitions these represent the charity's free reserves. In setting and monitoring its reserves policy and position, the Trustees are mindful of the key financial risks in relation to ensuring the continuity (and growth) of its charitable activities.

With this in mind targets/monitoring parameters have been established in respect of key financial risks, including pension liabilities and volatility, operating and continuity risk and investment volatility.

The operations contingency is set at 6 months' future average expenditure and the revaluation contingency at 10% of unrestricted non-property investments. The pension deficit is calculated on both the technical deficit basis and the basis that the Scheme was fully invested in index-linked gilts to identify a target range for reserves as follows:

### Comparison of unrestricted charity reserves to target range

	2015 £m	2015 £m	2014 £m	2014 £m
Operations contingency	25.9	25.9	24.8	24.8
Revaluation contingency	8.3	8.3	10.1	10.1
Pensions deficit (technical basis)	12.0		15.0	
Pensions deficit (gilts-funding basis)		31.0		37.0
<b>Target range for reserves</b>	46.2 ▶	65.2	49.9 ▶	71.9
<b>Actual reserves</b>	82.0		81.6	
<b>Reserves coverage</b>	177%	126%	164%	113%

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

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

## Investment policy

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

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

The Institution's investment portfolio is managed 100% by BlackRock. Risk is managed at an overall level by diversifying the investment portfolio between different asset classes and geographic markets, which have been agreed with the investment manager together with maximum ranges for these allocations. The current investment strategy is set out below and is aimed at providing a balance between the generation of long term real growth and the management of shorter term volatility in light of current financial conditions:

### Strategic asset allocations

	%
UK Equities	25
Global Equities	25
Diversified Growth Fund	25
Index-linked Gilts	25
<b>Total</b>	<b>100</b>

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

In light of the divestments required for the Savoy Place refurbishment project a divestment strategy was implemented to liquidate investments in advance of known cash requirements, thereby reducing exposure to volatility risk. Following completion of these divestments, the Finance and Investment Committee recently has taken further advice on asset allocation based on a review of our investment objectives. After the balance sheet date the Trustees agreed a revised investment strategy, which will be implemented during 2016.

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

The IET Superannuation & Assurance Scheme closed to future accrual on 31 March 2012. As part of the arrangement to close to future accrual, the IET created a Security Agreement in favour of the Trustees of the Scheme. As continuing security for the obligations and liabilities of the IET to make payments to the Scheme under the terms of the Security Agreement, the IET charged, by way of a first floating charge, a segregated proportion of its investments held with the Investment Manager. At 31 December 2015, the value of the floating charge was £10m (2014: £10m).

## Investment performance

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

The diversified growth fund is measured against the long-term fund objective (3 month LIBOR +3%). The fund achieved a performance of 3 month LIBOR -1.1% for the year ended 31 December 2015, and a performance of 3 month LIBOR +3.5% (annualised) for the three years ended 31 December 2015.

Total investment gains and income from the BlackRock managed non-property investment portfolio during the year was £1.7m (2014: £8.3m). The increase in value of the IET's investment property was £1.9m (2014: £3.7m).

# STRUCTURE, GOVERNANCE AND MANAGEMENT

## Organisational structure

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

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

- the outcome of a working party reviewing IET strategy
- developing good governance through the Governance for the Future (G4F) proposal and subsequent Special General Meeting
- progress of the Savoy Place project
- the annual plan and budget.

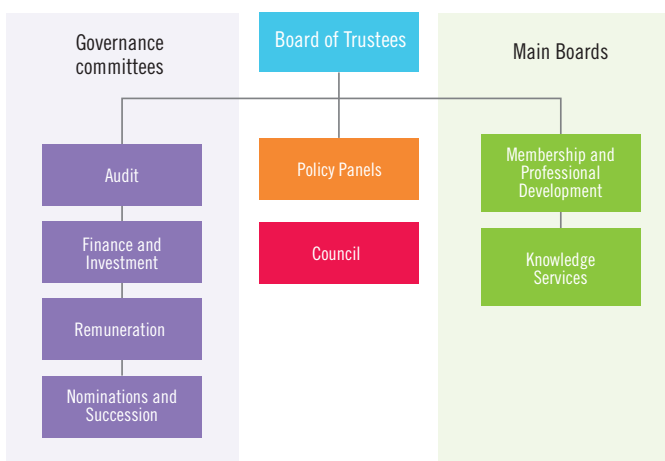
Minutes of the Board of Trustees meetings, together with open Board papers can be found on the IET website.

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

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

Council is a body of appointed and elected members, which debates the future direction and strategy of the IET and provides advice to the Board of Trustees.

**Fig.4: Governance structure**



## Trustee election, induction and training

Trustees are normally elected by the membership from candidates who are either proposed by the Trustees based on appropriate skills and competencies, or are nominated by 10 or more members. The President is selected by 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 invited to attend orientation meetings with the President and senior staff and are asked to attend an induction seminar delivered by an external expert. They have access to the services of the Governance Department which maintains a training log and provide information and support as required.

## Membership

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

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

## Decision-making

<b>Trustee roles</b>	Appointed (from 1 October)	Retired (from 30 September)	Attendance (actual/ potential)	<b>Other governance roles</b>
Ms F Azirar	2014		7/9	
Dr P W Bonfield (Vice President)	2013		9/9	Membership and Professional Development Board (Chair since 1 Oct)
Ms N W Climer (President)	2010		9/9	Audit Committee (until 30 Sep) Finance and Investment Committee (Chair until 30 Sep) Membership and Professional Development Board (until 30 Sep) Nominations and Succession Committee Remuneration Committee
Professor R A Cryan (Vice President)	2015		1/3	
Miss A K Delahunty	2013		6/9	
Mr D W A East (Vice President)	2014		3/9	
Dr W D Evans (Vice President)	2014		9/9	Knowledge Services Board (Chair) Audit Committee
Dr A C Harter	2014		8/9	
Eur Ing T T Hlaing	2015		3/3	
Eur Ing G N Hobbs	2015		3/3	Audit Committee (since 1 Oct) Finance and Investment Committee (since 1 Oct)
Professor W J Stewart (Vice President)	2014		9/9	Audit Committee Finance and Investment Committee
Mr N Ward (Honorary Treasurer)	2014		9/9	Audit Committee Finance and Investment Committee Knowledge Services Board Membership and Professional Development Board Remuneration Committee
Professor J D M Watson (Deputy President)	2011		5/9	Audit Committee (Chair) Finance and Investment Committee Knowledge Services Board (until 30 Sep) Nominations and Succession Committee Remuneration Committee (Chair)
Mr N P Winsler (Deputy President)	2013		9/9	Audit Committee (since 1 Oct) Finance and Investment Committee (Chair since 1 Oct) Membership and Professional Development Board (Chair until 30 Sep) Remuneration Committee
Eur Ing Dr C K J Wong (Vice President)	2015		2/3	Audit Committee (until 30 Sep) Council (Chair until 30 Sep)
Dr S D Hart	2012	2015	5/6	Audit Committee Finance and Investment Committee Nominations and Succession Committee Remuneration Committee (until 30 Sep)
Mrs V M Hodge	2012	2015	6/6	Nominations and Succession Committee Remuneration Committee (until 30 Sep)
Mr A J Watts	2012	2015	6/6	
Professor W T Webb	2013	2015	6/6	Nominations and Succession Committee Remuneration Committee

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

The Trustees also ensure strong communications with key Boards and Committees through committee membership as detailed on page 22.

## Effectiveness reviews

The main Boards and Committees of the IET complete an annual exercise to identify skills gaps and assess the effectiveness of the relevant board or committee. Periodically, the IET also commissions an external organisation to review the effectiveness of the institution's governance arrangements and in 2015 Grant Thornton provided its report to the October meeting of the Board.

The external review included an assessment of performance against *Good Governance: A code for the Voluntary and Community Sector*, which has been adopted by the IET. The full report is available within the October 2015 Board of Trustees papers published on the IET website.

In response to previous reports on governance, the Trustees have consulted with the Main Boards and Council on revisions to the governance structure intended to improve the effectiveness of Council.

This process was challenged by a group of members who called a Special General Meeting during the year at which the majority of members voting agreed with the Trustees recommendation that the proposals should be brought forward to a membership vote as planned. The proposals are included in the 'Governance for the Future' measures to be considered by the members in a Special General Meeting scheduled for February 2016.

## Remuneration of key management personnel

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

The IET's policy is that no Trustees are remunerated for their services as a Trustee. Exceptionally, Trustees may receive payment for the provision of services to the charity which does not conflict with their trustee role, and any such transactions are disclosed in Note 15 to the Accounts.

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

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

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

## Risk management

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

Risk mitigation and management plans, including internal controls, are developed in agreement with the senior staff. The strategic and operational risk register informs the planning of Internal Audit work which is agreed by the Audit Committee and includes testing of internal controls.

In October 2015, the Trustees approved a Risk Strategy which outlines the IET's approach to managing risk. Enhancements to support the strategy are being developed in late 2015/early 2016.

A Risk Assurance Mapping exercise was conducted with external consultants during the year to review the validity of strategic risks and their management.

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

The most significant risks and uncertainties faced by the IET are shown in the table overleaf.

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

<b>Strategic risk</b>	<b>Principal mitigations</b>
Threats to the level of <b>publishing revenues</b>	The IET's financial model depends on contributions generated from mature publishing products. Mitigations include close management of strategic partnerships, product development and new product initiatives.
Successful completion of the <b>Savoy Place Project</b>	The IET has appointed professional advisors and progress is monitored by a Project Board and Trustees. Budgets include appropriate contingencies and a divestment strategy has been implemented to reduce investment volatility risk.
Adequate <b>project management</b> capabilities for effective development	Standard project methodologies (including Agile) supported by structured Project Office procedures and Executive monitoring. Qualified project managers are used for key projects.
Maintaining systems integrity and <b>information security</b>	Appropriate information policies and procedures have been put in place and these are subject to both internal review and external testing. Incident management and business continuity procedures are also in place.
Adverse trends in <b>member demographics</b>	Enhanced member value through Home for Life programme and targeting of under 40 membership. Development of engagement on Campus and the Younger Member programme.
Ensuring the IET's <b>activities remain financially sustainable</b>	The IET has adopted a financial framework to structure budgeting. Mitigations include activity portfolio management and sound procurement practices.
Ensuring compliance with <b>international legislation</b>	Ensuring our international operations remain compliant requires appointment of high quality local staff and advisors together with regular liaison and risk assessment at Group level.
Ability to meet <b>defined benefit pension liabilities</b>	The scheme has previously been closed to accrual. Risk reduction and funding approaches have been agreed with scheme trustees. These are supported by the IET's own Reserve and investment policies.
Protecting the intangible value of <b>business asset</b>	Scanning for trends and threats to business value together with appropriate development of existing products to maintain relevance.
Ensuring positive <b>academic and corporate relationships</b>	Relationship management and use of research to ensure products and services are supported by academia and industry employers.
Maintaining <b>key staff skills</b>	Robust recruitment processes are used to provide good match of people to roles. A management development programme is in place and stronger succession planning is being developed.
Liabilities and reputational risk resulting from <b>expert opinion</b>	Use of suitably qualified staff together with robust editing and checking procedures.
<b>Sufficiency of reserves</b> to maintain the IET's impact over the long-term	The Reserves policy identifies the target range for our general reserves and operating and project budget management are used to manage shortfalls or excess reserves.

## Related parties and collaboration with other charities

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

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

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

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



## Corporate Social Responsibility

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

The IET promotes and encourages ethical behaviour in the practice of these disciplines by all stakeholders. In so doing, the IET seeks to raise the level of public trust and confidence in the positive contribution to society made by science, engineering and technology. In joining the IET, all members must agree to abide by the Rules of Conduct which aim to support members to take an ethical stance when balancing the often conflicting interests and demands of employers, society and the environment.

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

Many of the IET's members support the work of the IET's Benevolent Fund (IET Connect). In 2010, the IET became a patron of disaster relief charity RedR. RedR works on an international level to improve the effectiveness of disaster relief, by delivering

essential training and support to relief organisations and their staff, and by providing skilled professionals to humanitarian programmes. Each year, the staff also selects a range of charities for their own fundraising activity.

In addition to the expectations to protect the environment included within the members Code of Conduct, the IET also seeks to support environmental sustainability within its own operations. The refurbishment of Savoy Place for example is being assessed against the Building Research Establishment Environmental Assessment Methodology (BREEAM) Bespoke 2008 standard with the target of achieving a 'very good' rating. The IET also participated in the pilot of the BREEAM Refurbishment and Fit-out standard, and will be seeking accreditation under 'BREEAM In-Use'.

Initiatives within Savoy Place and other properties in the IET estate include the introduction of low energy (LED) light fittings, occupancy-based control systems and the provision of recycling facilities. New condensing boilers were also fitted in Austin Court and have significantly improved heating efficiency.

## Reference and administrative information

This information is included on page 59.

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

The Trustees Report on pages 6 to 26 was approved by the Trustees on 4 April 2016 and signed on their behalf by:



**Ms Naomi Climer FEng BSc CEng FIET**  
**President**

# INDEPENDENT AUDITOR'S 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 2015 on pages 28 to 58. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011. 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 auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 26 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 151 of the Charities Act 2011 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 December 2015 and of the group's and parent charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

## Emphasis of Matter

In forming our opinion, which is not modified, we have considered the disclosure in note 1 concerning the charity's adoption of the Charities SORP (FRS 102) issued in July 2014, rather than applying the Charities 2005 SORP which has been withdrawn but is still referred to in the extant Charities (Accounts and Reports) Regulations 2008. This departure has been necessary for the financial statements to show a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice effective for accounting periods beginning on or after 1 January 2015.

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

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is not consistent with the financial statements; or
- the parent charity has not kept proper and sufficient accounting records; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)  
Statutory Auditor  
25 Farringdon Street  
London  
EC4A 4AB

Date: 20 April 2016

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

RSM UK Audit LLP

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2015

	Notes	Unrestricted Funds 2015 £000	Restricted and Endowment Funds 2015 £000	Total Funds 2015 £000	Unrestricted Funds 2014 £000	Restricted and Endowment Funds 2014 £000	Total Funds 2014 £000
<b>INCOME AND ENDOWMENTS FROM:</b>							
Donations and legacies		297	343	640	-	432	432
Trading activities	2	3,686	-	3,686	3,121	-	3,121
Investment income and other income	3	2,151	160	2,311	2,154	192	2,346
<b>Charitable Activities</b>							
Education, policy and awareness		300	-	300	319	-	319
Knowledge services		28,970	-	28,970	23,719	-	23,719
Membership and professional development		16,519	-	16,519	15,765	-	15,765
<b>Share of profit in joint ventures</b>	2	1,873	-	1,873	2,311	-	2,311
<b>Total</b>		<b>53,796</b>	<b>503</b>	<b>54,299</b>	<b>47,389</b>	<b>624</b>	<b>48,013</b>
<b>EXPENDITURE ON:</b>							
<b>Raising Funds</b>							
Fundraising costs		350	-	350	163	-	163
Trading activities		1,876	-	1,876	1,565	-	1,565
Investment management fees		303	33	336	307	41	348
<b>Charitable Activities</b>							
Education, policy and awareness		4,496	752	5,248	4,177	476	4,653
Knowledge services		32,808	-	32,808	30,504	-	30,504
Membership and professional development		12,007	-	12,007	10,678	-	10,678
<b>Total</b>	5	<b>51,840</b>	<b>785</b>	<b>52,625</b>	<b>47,394</b>	<b>517</b>	<b>47,911</b>
Net gains/(losses) on investments	9	2,273	(55)	2,218	9,572	872	10,444
<b>Net income/(expenditure)</b>		<b>4,229</b>	<b>(337)</b>	<b>3,892</b>	<b>9,567</b>	<b>979</b>	<b>10,546</b>
Transfers between funds	16	1,152	(1,152)	-	28	(28)	-
		<b>5,381</b>	<b>(1,489)</b>	<b>3,892</b>	<b>9,595</b>	<b>951</b>	<b>10,546</b>
<b>Other recognised gains/(losses):</b>							
Remeasurement of net defined benefit pension schemes	18	2,621	-	2,621	(1,302)	-	(1,302)
<b>Net movement in funds</b>		<b>8,002</b>	<b>(1,489)</b>	<b>6,513</b>	<b>8,293</b>	<b>951</b>	<b>9,244</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		134,427	12,979	147,406	126,134	12,028	138,162
<b>Total funds carried forward</b>	16	<b>142,429</b>	<b>11,490</b>	<b>153,919</b>	<b>134,427</b>	<b>12,979</b>	<b>147,406</b>

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

## IET STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2015

	Notes	Unrestricted Funds 2015 £000	Restricted and Endowment Funds 2015 £000	Total Funds 2015 £000	Unrestricted Funds 2014 £000	Restricted and Endowment Funds 2014 £000	Total Funds 2014 £000
<b>INCOME AND ENDOWMENTS FROM:</b>							
Donations and legacies		297	343	640	-	432	432
Investment income – Gift Aid receivable	2	1,875	-	1,875	2,503	-	2,503
Investment and other income	3	3,899	160	4,059	3,796	192	3,988
<b>Charitable Activities</b>							
Education, policy and awareness		300	-	300	320	-	320
Knowledge services		28,655	-	28,655	23,307	-	23,307
Membership and professional development		16,331	-	16,331	15,658	-	15,658
<b>Total</b>		<b>51,357</b>	<b>503</b>	<b>51,860</b>	<b>45,584</b>	<b>624</b>	<b>46,208</b>
<b>EXPENDITURE ON:</b>							
<b>Raising Funds</b>							
Fundraising costs		350	-	350	163	-	163
Investment management fees		303	33	336	307	41	348
<b>Charitable Activities</b>							
Education, policy and awareness		4,496	752	5,248	4,177	476	4,653
Knowledge services		32,598	-	32,598	30,364	-	30,364
Membership and professional development		11,947	-	11,947	10,692	-	10,692
<b>Total</b>	5	<b>49,694</b>	<b>785</b>	<b>50,479</b>	<b>45,703</b>	<b>517</b>	<b>46,220</b>
Net gains/(losses) on investments	9	2,273	(55)	2,218	9,572	872	10,444
<b>Net income/(expenditure)</b>		<b>3,936</b>	<b>(337)</b>	<b>3,599</b>	<b>9,453</b>	<b>979</b>	<b>10,432</b>
Transfers between funds	16	1,152	(1,152)	-	28	(28)	-
		<b>5,088</b>	<b>(1,489)</b>	<b>3,599</b>	<b>9,481</b>	<b>951</b>	<b>10,432</b>
<b>Other recognised gains/(losses):</b>							
Remeasurements of net defined benefit pension schemes	18	2,621	-	2,621	(1,302)	-	(1,302)
<b>Net movement in funds</b>		<b>7,709</b>	<b>(1,489)</b>	<b>6,220</b>	<b>8,179</b>	<b>951</b>	<b>9,130</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		134,376	12,979	147,355	126,197	12,028	138,225
<b>Total funds carried forward</b>	16	<b>142,085</b>	<b>11,490</b>	<b>153,575</b>	<b>134,376</b>	<b>12,979</b>	<b>147,355</b>

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

## CONSOLIDATED AND IET BALANCE SHEETS

as at 31 December 2015

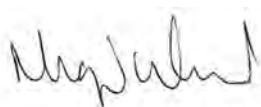
	Notes	Group 2015 £000	Group 2014 £000	Charity 2015 £000	Charity 2014 £000
<b>Fixed assets</b>					
Intangible assets	7	111	206	407	-
Tangible assets	8	35,309	19,484	35,296	19,469
Investments	9	123,171	136,385	123,199	136,196
<b>Total fixed assets</b>		<b>158,591</b>	<b>156,075</b>	<b>158,902</b>	<b>155,665</b>
<b>Current assets</b>					
Stocks and work in progress	10	396	286	387	165
Debtors	11	9,267	9,424	9,453	10,554
Cash at bank and in hand		4,669	3,436	3,373	2,182
<b>Total current assets</b>		<b>14,332</b>	<b>13,146</b>	<b>13,213</b>	<b>12,901</b>
<b>Liabilities</b>					
Creditors: amounts falling due within one year	12	(19,472)	(17,773)	(19,057)	(17,169)
		<b>(19,472)</b>	<b>(17,773)</b>	<b>(19,057)</b>	<b>(17,169)</b>
<b>Net current liabilities</b>		<b>(5,140)</b>	<b>(4,627)</b>	<b>(5,844)</b>	<b>(4,268)</b>
<b>Total assets less current liabilities</b>		<b>153,451</b>	<b>151,448</b>	<b>153,058</b>	<b>151,397</b>
Creditors: Amounts falling due after more than one year	13	(3,152)	(3,431)	(3,103)	(3,431)
<b>Net assets excluding pension liability</b>		<b>150,299</b>	<b>148,017</b>	<b>149,955</b>	<b>147,966</b>
Defined benefit pension scheme asset/(liability)	18	3,620	(611)	3,620	(611)
<b>Total net assets</b>		<b>153,919</b>	<b>147,406</b>	<b>153,575</b>	<b>147,355</b>
<b>FUNDS</b>					
Endowment funds		11,438	11,792	11,438	11,792
Restricted income funds		52	1,187	52	1,187
<b>Restricted funds</b>		<b>11,490</b>	<b>12,979</b>	<b>11,490</b>	<b>12,979</b>
Unrestricted Funds	16	124,036	122,265	123,692	122,214
Revaluation reserve	16	14,773	12,773	14,773	12,773
<b>General funds</b>		<b>138,809</b>	<b>135,038</b>	<b>138,465</b>	<b>134,987</b>
Pension reserve	18	3,620	(611)	3,620	(611)
<b>Total funds</b>	16	<b>153,919</b>	<b>147,406</b>	<b>153,575</b>	<b>147,355</b>

The notes on pages 32 to 58 form part of these financial statements.

Approved and authorised for issue by the Trustees on 4 April 2016 and signed on their behalf by:



Ms Naomi Climer FREng BSc CEng FIET  
President



Mr Nigel Ward BSc(Eng) DMS CEng MIET  
Honorary Treasurer

## STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	Group 2015 £000	Group 2014 £000	Charity 2015 £000	Charity 2014 £000
<b>Cash flows from operating activities:</b>				
<b>Net cash (used in) operating activities</b>	<b>(1,744)</b>	<b>(6,822)</b>	<b>(1,164)</b>	<b>(7,315)</b>
<b>Cash flows from investing activities:</b>				
Interest received	84	64	84	63
Adjustment to carrying value of joint venture	217	(67)	-	-
Rent received	860	769	860	769
Share of profit in joint ventures	1,873	2,311	-	-
Investment income – Gift Aid receivable	-	-	1,875	2,503
Income from non-property investments	1,355	1,504	1,355	1,504
Investment management fees	(336)	(348)	(336)	(348)
Purchase of tangible fixed assets	(16,194)	(9,469)	(16,194)	(9,452)
Purchase of investments	(1,431)	(26,080)	(1,431)	(26,080)
Acquisition of business from subsidiary	-	32	(407)	-
Sale of investments	14,000	36,750	14,000	36,750
<b>Net cash provided by/(used in) investing activities</b>	<b>428</b>	<b>5,466</b>	<b>(194)</b>	<b>5,709</b>
<b>Cash flows from financing activities:</b>				
Finance lease repayments	(97)	(97)	(97)	(97)
<b>Net cash (used in) financing activities</b>	<b>(97)</b>	<b>(97)</b>	<b>(97)</b>	<b>(97)</b>
<b>Change in cash and cash equivalents in the year</b>	<b>(1,413)</b>	<b>(1,453)</b>	<b>(1,455)</b>	<b>(1,703)</b>
Cash and cash equivalents at 1 January	10,439	11,892	9,185	10,888
<b>Cash and cash equivalents at 31 December</b>	<b>9,026</b>	<b>10,439</b>	<b>7,730</b>	<b>9,185</b>
<b>Reconciliation of net income/(expenditure) to net cash flow from operating activities</b>				
	Group 2015 £000	Group 2014 £000	Charity 2015 £000	Charity 2014 £000
<b>Net income/(expenditure)</b>	3,892	10,546	3,599	10,432
Depreciation and amounts written off in connection with assets no longer in use	369	419	367	390
Goodwill amortisation	95	96	-	-
Net gains on investments	(2,218)	(10,444)	(2,218)	(10,444)
(Increase)/decrease in stocks	(110)	146	(222)	104
Decrease/(increase) in debtors	157	(1,209)	1,101	(1,248)
Increase in creditors	1,517	510	1,657	528
Add back of non-cash FRS 102 charge in respect of defined benefit schemes	106	49	106	49
Contributions paid to defined benefit schemes	(1,716)	(2,635)	(1,716)	(2,635)
Interest received	(84)	(64)	(84)	(63)
Share of profit in joint ventures	(1,873)	(2,311)	-	-
Rent received	(860)	(769)	(860)	(769)
Investment income – Gift Aid receivable	-	-	(1,875)	(2,503)
Income from non-property investments	(1,355)	(1,504)	(1,355)	(1,504)
Investment management fees	336	348	336	348
<b>Net cash (used in) operating activities</b>	<b>(1,744)</b>	<b>(6,822)</b>	<b>(1,164)</b>	<b>(7,315)</b>
<b>Analysis of cash and cash equivalents</b>				
	Group 2015 £000	Group 2014 £000	Charity 2015 £000	Charity 2014 £000
Cash held by investment manager	4,357	7,003	4,357	7,003
Cash at bank and in hand	4,669	3,436	3,373	2,182
	<b>9,026</b>	<b>10,439</b>	<b>7,730</b>	<b>9,185</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

## 1. ACCOUNTING POLICIES

### Basis of preparation

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

These financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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

### Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Trustees have considered whether, in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, the restatement of comparative items was required.

In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income/(expenditure) for the year is provided in Note 17. The date of transition to FRS 102 was 1 January 2014.

### Preparation of the accounts on a going concern basis

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

### Key judgments and assumptions

The most significant areas of judgment and assumption that affect items in the accounts include the actuarial assumptions which underpin the Pension Scheme Liability (see Note 18 for more information) and the accounting treatment of Savoy Hill House. This property has been accounted for wholly as an investment property. The percentage of the property used for operational use is less than 10% of the floor space and as such is considered a trivial amount; furthermore this element is not capable of being sold or leased out separately. With respect to the next reporting period, the most significant areas of uncertainty that affect the carrying value of assets held by the IET are the level of investment return and the performance of investment markets (see the Investment Policy within the Trustees' Annual Report and Note 9).

### Constitution

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

### Basis of Consolidation

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

### Income

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

Investment income and donations are accounted for when receivable.

### Government grants receivable

Government grants are recognised in income once performance related conditions are met. Where a grant, or element of grant, is repayable a liability will be provided to the extent that repayment is probable. Where a possible liability for repayment exists this will be disclosed as a contingent liability.



## Donated goods, facilities and services

Donated goods, facilities and services are accounted for when receivable and recognised as income with an equivalent amount recognised as an expense in the Statement of Financial Activities (SoFA). Donated goods are measured at fair value. Donated facilities and services are measured at open market value. In accordance with the Charities SORP, the contributions of volunteers are not able to be measured reliably for accounting purposes and therefore not included as income in these accounts; however, the nature and scale of these contributions are discussed in the Trustees' Annual Report.

## Expenditure

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

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

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

## Foreign Currency Transactions

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

## Taxation

As a registered Charity, the IET is potentially exempt from taxation to the extent that its income and gains are applied for charitable purposes.

## Grants payable

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

## Goodwill

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

Goodwill arising from the acquisition of the SciTech business in 2012 is being written off on a straight line basis over 5 years.

This amortisation period has been selected in accordance with Paragraph 18.20 of FRS 102 as it is not possible to make a reliable estimate of the useful life.

## Depreciation

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

Furniture, fittings and equipment  
*Straight-line over 10 years*

Computer and electronic equipment  
*Straight-line over 4 years*

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

Assets in the course of construction are not depreciated.

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

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

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

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

## Investments

Non-property investments are included in the balance sheet at their net asset values at the year-end as notified by the Investment Manager. There is no significant difference between this and the quoted bid price. Realised and unrealised gains/losses are recognised in full in the SoFA. Investment income is accounted for when receivable, with account taken of the tax credit at the time of receipt of the net income.

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

Investments in subsidiary undertakings are accounted for at historic cost.

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

## Stocks and Work-in-progress

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

## Financial instruments

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

## Cash at bank and in hand

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

## Liabilities

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

## Concessionary loan

An unsecured concessionary loan from IET to IET USA, Inc. of USD 692,365 was paid back in full during 2015. The loan was interest free and had no specified repayment date.

## Leasing

Finance lease obligations are included within Creditors. Non-investment property assets held under finance leases are capitalised and depreciated over the shorter of the lease term or 50 years. Investment property assets held under finance leases are revalued at fair value at each reporting date with changes in fair value recognised through the SoFA.

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

## Fund accounting

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

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

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

## Pension costs

In accordance with "FRS 102–Employee Benefits", both the operating and financial costs of pension and other post-retirement benefits are recognised in the SoFA. Pension cost is assessed in accordance with the advice of qualified Actuaries. Actuarial gains and losses arising are recognised within the gains and losses categories of the SoFA under the heading "Pension Scheme Actuarial (Loss)/Gain". The provisions of "FRS 102–Employee Benefits" have been fully complied with and the relevant disclosures are made in note 18. Contributions to defined contribution schemes are charged in the SoFA in the year they are due.

## Defined benefit plans

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

## Asset/Liability

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

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

## Gains/Losses

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

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

## Irrecoverable VAT

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

## 2. TRADING ACTIVITIES AND SUBSIDIARIES

The Group's financial statements incorporate all of the IET's wholly owned subsidiary companies. During 2015 the IET had two active wholly owned non-charitable trading subsidiary undertakings registered in England and Wales, IET Services Limited (IETSL), company registration number 909719, and IEE Conventions Limited (IEECL), company registration number 3566585, both of which are consolidated. The profit and loss accounts of these subsidiaries are shown below and net profits are donated to the IET under the Gift Aid Scheme.

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

	IETSL 2015 £000	IETSL 2014 £000	IEECL 2015 £000	IEECL 2014 £000
Turnover – external	3,686	3,121	-	-
Turnover – intercompany	2,935	3,795	-	-
<b>Turnover – total</b>	<b>6,621</b>	<b>6,916</b>	-	-
<b>Share of Joint Venture profits</b>	-	-	1,881	2,311
Cost of sales	(5,627)	(5,560)	-	-
<b>Gross Profit/(Loss)</b>	<b>994</b>	<b>1,356</b>	<b>1,881</b>	<b>2,311</b>
Distribution costs	(897)	(1,041)	-	-
Administration Expenses	(70)	(71)	(7)	(9)
<b>Operating Profit/(Loss)</b>	<b>27</b>	<b>244</b>	<b>1,874</b>	<b>2,302</b>
Interest Payable and Similar Charges	(10)	(15)	-	-
<b>Profit on Ordinary Activities before Tax</b>	<b>17</b>	<b>229</b>	<b>1,874</b>	<b>2,302</b>
Tax on ordinary activities	(15)	(17)	(1)	(11)
<b>Funds retained by subsidiary</b>	<b>2</b>	<b>212</b>	<b>1,873</b>	<b>2,291</b>
Funds balance at 1 January	94	94	131	121
Less Gift Aid Payments to IET	(2)	(212)	(1,888)	(2,281)
<b>Funds balance at 31 December</b>	<b>94</b>	<b>94</b>	<b>116</b>	<b>131</b>
Comprising - assets	1,517	1,232	802	1,020
- liabilities	(1,423)	(1,138)	(686)	(889)

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

## 2A. OTHER SUBSIDIARIES

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

IET USA, Inc. is located in Edison, New Jersey. The two principal channels of business for IET USA, Inc. are reseller support activity and direct sales of books and journals, including the sale of SciTech publications following the acquisition of this business in 2012. The SciTech book publishing business was transferred from IET USA, Inc. to the IET on 31 December 2015; further information is provided in Note 7.

Institution of Engineering and Technology (IET (India)), company registration number U80903KA2007NPL044461, is registered in Bangalore as a not-for-profit company incorporated under section

25 of the Indian Companies Act with charitable objects consistent with those of the IET in the UK. On 23 May 2012 IET Services (India) Private Limited (IET Services (India)), company registration number U93000KA2012FTC064117, was incorporated. IET Services (India) was established to carry out specific activities, including the sale of IET memberships locally in India. IET (India) now only carries on Local Network activity in India.

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

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

	IET USA Inc. £000	IET (India) £000	IET Services (India) £000	IET Holdings £000	IET (Beijing) £000	Total 2015 £000	Total 2014 £000
External income	555	-	150	-	106	<b>811</b>	<b>884</b>
Intragroup income	911	180	524	-	699	<b>2,314</b>	<b>2,284</b>
External expenditure	(1,112)	(167)	(565)	(9)	(713)	<b>(2,566)</b>	<b>(2,680)</b>
Intragroup expenditure	(261)	-	(63)	-	-	<b>(324)</b>	<b>(318)</b>
<b>Funds retained by the subsidiary</b>	<b>93</b>	<b>13</b>	<b>46</b>	<b>(9)</b>	<b>92</b>	<b>235</b>	<b>170</b>
<b>Net assets</b>	<b>329</b>	<b>132</b>	<b>151</b>	<b>32</b>	<b>526</b>	<b>1,170</b>	<b>908</b>

## 3. INVESTMENT AND OTHER INCOME

	Group 2015 £000	Group 2014 £000	Charity 2015 £000	Charity 2014 £000
Income from equities	1,050	857	1,050	857
Income from bonds	305	647	305	647
Interest received on cash	84	64	84	63
Rent receivable	860	769	860	769
Other income - external	12	9	12	9
Other income received from subsidiary undertakings	-	-	1,748	1,643
	<b>2,311</b>	<b>2,346</b>	<b>4,059</b>	<b>3,988</b>

## 4. NET INCOME/(EXPENDITURE)

This is stated after charging:

	Group 2015 £000	Group 2014 £000	Charity 2015 £000	Charity 2014 £000
Depreciation	369	419	367	390
Foreign exchange (gains) arising on retranslation of foreign subsidiaries	(26)	(25)	-	-
Foreign exchange (gains) arising on transactions	(92)	(162)	(90)	(159)
Payments under operating leases:				
- Land and buildings rents	656	607	480	419
- Other	37	78	33	59
Auditor's remuneration:				
- Statutory Audit (RSM UK Audit LLP)	50	44	34	29
- Taxation (RSM Tax & Accounting Limited)	17	29	12	22
- Other services (RSM Tax & Accounting Limited)	47	10	47	10

## 5. ANALYSIS OF TOTAL RESOURCES EXPENDED

### Group

	Direct staff costs £000	Grant funding of activities £000	Other direct costs £000	Support costs (note 5a) £000	Total 2015 £000	Total 2014 £000
<b>Charitable activities</b>						
Education, policy and awareness	1,536	609	1,320	1,783	5,248	4,653
Knowledge services	7,039	-	16,317	9,452	32,808	30,504
Membership and professional development	4,053	-	5,451	2,503	12,007	10,678
<b>Total charitable expenditure</b>	<b>12,628</b>	<b>609</b>	<b>23,088</b>	<b>13,738</b>	<b>50,063</b>	<b>45,835</b>
Fundraising costs	111	-	154	85	350	163
Trading activities	1,799	67	10	-	1,876	1,565
Investment management fees	-	-	336	-	336	348
<b>Total resources expended</b>	<b>14,538</b>	<b>676</b>	<b>23,588</b>	<b>13,823</b>	<b>52,625</b>	<b>47,911</b>

### IET

	Direct staff costs £000	Grant funding of activities £000	Other direct costs £000	Support costs (note 5a) £000	Total 2015 £000	Total 2014 £000
<b>Charitable activities</b>						
Education, policy and awareness	1,536	609	1,320	1,783	5,248	4,653
Knowledge sharing	7,039	-	16,107	9,452	32,598	30,364
Membership and professional development	4,053	-	5,391	2,503	11,947	10,692
<b>Total charitable expenditure</b>	<b>12,628</b>	<b>609</b>	<b>22,818</b>	<b>13,738</b>	<b>49,793</b>	<b>45,709</b>
Fundraising costs	111	-	154	85	350	163
Investment management fees	-	-	336	-	336	348
<b>Total resources expended</b>	<b>12,739</b>	<b>609</b>	<b>23,308</b>	<b>13,823</b>	<b>50,479</b>	<b>46,220</b>

## 5A. SUPPORT COSTS

### Group and IET

	Finance & corporate £000	IT £000	Human resources £000	Property & offices £000	Governance £000	Total 2015 £000	Total 2014 £000
Fundraising costs	24	33	8	16	4	85	38
<b>Charitable activities</b>							
Education, policy and awareness	507	695	167	337	77	1,783	705
Knowledge sharing	2,686	3,687	884	1,790	405	9,452	7,926
Membership and professional development	711	976	234	475	107	2,503	5,246
<b>Total charitable expenditure</b>	<b>3,928</b>	<b>5,391</b>	<b>1,293</b>	<b>2,618</b>	<b>593</b>	<b>13,823</b>	<b>13,915</b>

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

## 5B. ANALYSIS OF GRANTS – GROUP

	Grant to institution 2015 £000	Grant to individuals 2015 £000	Support costs 2015 £000	Total 2015 £000	Grant to institution 2014 £000	Grant to individuals 2014 £000	Support costs 2014 £000	Total 2014 £000
<b>Education, policy and awareness</b>								
Research	292	-	10	302	301	-	34	335
Scholarships, awards and prizes	-	368	-	368	-	134	-	134
Hardship and financial assistance	-	6	-	6	-	7	-	7
<b>Total</b>	<b>292</b>	<b>374</b>	<b>10</b>	<b>676</b>	<b>301</b>	<b>141</b>	<b>34</b>	<b>476</b>

	Grant to institution 2015 Number	Grant to individuals 2015 Number	Support costs 2015 Number	Total 2015 Number	Grant to institution 2014 Number	Grant to individuals 2014 Number	Support costs 2014 Number	Total 2014 Number
<b>Education, policy and awareness</b>								
Research	1	-	-	1	1	-	-	1
Scholarships, awards and prizes	-	74	-	74	-	17	-	17
Hardship and financial assistance	-	7	-	7	-	7	-	7
<b>Total</b>	<b>1</b>	<b>81</b>	<b>-</b>	<b>82</b>	<b>1</b>	<b>24</b>	<b>-</b>	<b>25</b>

## 5C. ANALYSIS OF GRANTS – CHARITY

	Grant to institution 2015 £000	Grant to individuals 2015 £000	Support costs 2015 £000	Total 2015 £000	Grant to institution 2014 £000	Grant to individuals 2014 £000	Support costs 2014 £000	Total 2014 £000
<b>Education, policy and awareness</b>								
Research	292	-	10	302	301	-	34	335
Scholarships, awards and prizes	-	301	-	301	-	134	-	134
Hardship and financial assistance	-	6	-	6	-	7	-	7
<b>Total</b>	<b>292</b>	<b>307</b>	<b>10</b>	<b>609</b>	<b>301</b>	<b>141</b>	<b>34</b>	<b>476</b>

	Grant to institution 2015 Number	Grant to individuals 2015 Number	Support costs 2015 Number	Total 2015 Number	Grant to institution 2014 Number	Grant to individuals 2014 Number	Support costs 2014 Number	Total 2014 Number
<b>Education, policy and awareness</b>								
Research	1	-	-	1	1	-	-	1
Scholarships, awards and prizes	-	56	-	56	-	17	-	17
Hardship and financial assistance	-	7	-	7	-	7	-	7
<b>Total</b>	<b>1</b>	<b>63</b>	<b>-</b>	<b>64</b>	<b>1</b>	<b>17</b>	<b>-</b>	<b>25</b>

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

The programme includes awards for individual excellence, pioneering research, scholarships, travel awards, prizes and competitions. We also recognise the most innovative companies and the best new innovations across the world.

All activities are undertaken by the IET directly, apart from research activities which are carried out through grant funding to third parties.

The Grant to Institution during the year represents the IET's A F Harvey Engineering Research Prize which was awarded through host organisation Queen Mary University of London. The host organisation in 2014 was the University of Oxford.

## 6. EMPLOYEES

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

	Group 2015 £000	Group 2014 £000	Charity 2015 £000	Charity 2014 £000
Payroll costs:				
Salaries and overtime	18,504	17,578	16,204	15,278
Social Security	1,989	1,879	1,735	1,611
Pension and other benefits				
- defined benefit pension schemes	107	50	107	50
- defined contribution pension scheme	1,685	1,686	1,542	1,548
- other payments	564	598	473	485
Operating costs of defined benefit schemes	364	359	364	359
Termination payments	104	198	104	156
	<b>23,317</b>	<b>22,348</b>	<b>20,529</b>	<b>19,487</b>

The average monthly number of staff employed by the IET in the year was 484 (2014: 479) and by the Group was 554 (2014: 557), made up as follows:

	Group 2015 Number	Group 2014 Number	Charity 2015 Number	Charity 2014 Number
Charitable activities	518	517	481	476
Trading activities	33	37	-	-
Governance	3	3	3	3
	<b>554</b>	<b>557</b>	<b>484</b>	<b>479</b>

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

	Group 2015 Number	Group 2014 Number	Charity 2015 Number	Charity 2014 Number
£60,000 - £69,999	19	11	16	11
£70,000 - £79,999	12	9	10	8
£80,000 - £89,999	4	3	4	3
£90,000 - £99,999	2	4	1	4
£100,000 - £109,999	1	-	1	-
£120,000 - £129,999	1	1	1	-
£130,000 - £139,999	-	2	-	1
£140,000 - £149,999	2	2	1	2
£150,000 - £159,999	3	-	2	-
£320,000 - £329,999	-	1	-	1
£340,000 - £349,999	1	-	1	-

For the Group and the Charity, seven of the above employees were deferred members of the defined benefit IET Superannuation & Assurance Scheme (2014: seven).

For the Group, 39 employees were members of the IET's defined contribution scheme (2014: 29). For the Group, pension payments in respect of the relevant employees to the defined contribution scheme totalled £214,147 (2014: £168,044).

For the Charity, 35 employees were members of the IET's defined contribution scheme (2014: 28). For the Charity, pension payments in respect of the relevant employees to the defined contribution scheme totalled £196,129 (2014: £161,057).

## 6A. REMUNERATION AND BENEFITS RECEIVED BY KEY MANAGEMENT PERSONNEL

The IET considers the key management personnel of the organisation to comprise the Trustees, together with the Chief Executive and Secretary (CES) and other members of the Executive Team who routinely attend Board of Trustees meetings. The aggregate remuneration and benefits of those personnel for services to the Charity and Group, in the year amounted to £1,048,249 (2014: £923,838). In addition, employer's national insurance contributions were £130,815 (2014: £113,520). Of these amounts £nil (2014: £nil) related to the Trustees.

The emoluments of the CES, including benefits in kind, amounted to £346,207 in the year (2014: £321,170), including payments in lieu of pension contributions. The CES is not a member of any IET pension scheme and no contributions are made to any other pension arrangements by the IET.

During the year, travelling and subsistence expenses totalling £33,171 were incurred by the five members of the Executive Team considered key management personnel on behalf of the IET (2014: £45,765 by five members of the Executive Team).



## 7. INTANGIBLE FIXED ASSETS – GROUP

	Goodwill £000
<b>Cost:</b>	
At 1 January 2015	494
Adjustment to carrying value	-
<b>At 31 December 2015</b>	<b>494</b>
<b>Amortisation:</b>	
At 1 January 2015	288
Charge for the year	95
<b>At 31 December 2015</b>	<b>383</b>
<b>Net book value:</b>	
<b>At 31 December 2015</b>	<b>111</b>
At 31 December 2014	206

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

## 7. INTANGIBLE FIXED ASSETS – CHARITY

	Goodwill £000
<b>Cost:</b>	
At 1 January 2015	-
Addition	407
<b>At 31 December 2015</b>	<b>407</b>
<b>Amortisation:</b>	
At 1 January 2015	-
Charge for the year	-
<b>At 31 December 2015</b>	<b>-</b>
<b>Net book value:</b>	
<b>At 31 December 2015</b>	<b>407</b>
At 31 December 2014	-

The business, operations, goodwill and stock of SciTech Publishing, Inc. were transferred by IET USA, Inc. to the IET on 31 December 2015. IET USA, Inc. is a wholly owned subsidiary of the IET.

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

## 8. TANGIBLE FIXED ASSETS – GROUP

	Leasehold buildings - IET £000	Freehold building - Michael Faraday House £000	Furniture, fittings and equipment £000	Regional Centres (Buildings) £000	<b>Total £000</b>
<b>Cost:</b>					
At 1 January 2015	13,989	6,474	2,588	2,044	<b>25,095</b>
Additions	15,993	-	201	-	<b>16,194</b>
Disposals	-	-	(657)	-	<b>(657)</b>
At 31 December 2015	29,982	6,474	2,132	2,044	<b>40,632</b>
<b>Accumulated Depreciation:</b>					
At 1 January 2015	604	2,810	2,140	57	<b>5,611</b>
Depreciation for the year	37	109	167	56	<b>369</b>
Disposals	-	-	(657)	-	<b>(657)</b>
At 31 December 2015	641	2,919	1,650	113	<b>5,323</b>
<b>Net book value:</b>					
<b>At 31 December 2015</b>	<b>29,341</b>	<b>3,555</b>	<b>482</b>	<b>1,931</b>	<b>35,309</b>
At 31 December 2014	13,385	3,664	448	1,987	19,484

## 8A. TANGIBLE FIXED ASSETS – IET

	Leasehold buildings - IET £000	Freehold building - Michael Faraday House £000	Furniture, fittings and equipment £000	Regional Centres (Buildings) £000	<b>Total £000</b>
<b>Cost:</b>					
At 1 January 2015	13,989	6,474	2,528	2,044	<b>25,035</b>
Additions	15,993	-	201	-	<b>16,194</b>
Disposals	-	-	(657)	-	<b>(657)</b>
At 31 December 2015	29,982	6,474	2,072	2,044	<b>40,572</b>
<b>Accumulated Depreciation:</b>					
At 1 January 2015	604	2,810	2,095	57	<b>5,566</b>
Depreciation for the year	37	109	165	56	<b>367</b>
Disposals	-	-	(657)	-	<b>(657)</b>
At 31 December 2015	641	2,919	1,603	113	<b>5,276</b>
<b>Net book value:</b>					
<b>At 31 December 2015</b>	<b>29,341</b>	<b>3,555</b>	<b>469</b>	<b>1,931</b>	<b>35,296</b>
At 31 December 2014	13,385	3,664	433	1,987	19,469

For both the Group and the IET, "Leasehold buildings – IET" at 31 December 2015 includes £27,986,000 assets in the course of construction which are not depreciated (31 December 2014: £11,993,000).

Leasehold and Freehold Buildings, including the Regional Centres, are held at overall carrying values that are considered by the Trustees to be acceptable given information that is available to them in respect of the values of those properties.

The Regional Centres have been revalued and this fair value has been elected as 'deemed cost' for these properties at 1 January 2014 in accordance with FRS 102 Para 35.10(c). The properties were valued by an independent valuer and prepared in accordance with appropriate sections of the RICS Valuation – Professional Standards 2014 (the "Red Book").

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

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

## 9. INVESTMENTS – GROUP

	Non-property Investments £000	Investment Property £000	Total £000
<b>Fair Value at 1 January 2015</b>	<b>113,997</b>	<b>22,388</b>	<b>136,385</b>
Acquisitions at Cost	1,431	-	1,431
Proceeds from Sale of Investments	(14,000)	-	(14,000)
Decrease in Investment Cash	(2,646)	-	(2,646)
Net Investment Gains	315	1,903	2,218
Adjustment to carrying value of joint venture	(217)	-	(217)
<b>Fair Value at 31 December 2015</b>	<b>98,880</b>	<b>24,291</b>	<b>123,171</b>
Finance lease relating to investment property (Notes 12 and 13)	-	(2,291)	(2,291)
Net investments fair value	98,880	22,000	120,880
Historical Cost at 31 December 2015	79,671	7,227	86,898
Unrealised Gains	<b>19,209</b>	<b>14,773</b>	<b>33,982</b>
Realised Gains based on historic cost	<b>2,419</b>	-	<b>2,419</b>

## 9A. INVESTMENTS – IET

	Non-property Investments £000	Investment Property £000	Total £000
<b>Fair Value at 1 January 2015</b>	<b>112,978</b>	<b>22,388</b>	<b>135,366</b>
Acquisitions at Cost	1,431	-	1,431
Proceeds from Sale of Investments	(14,000)	-	(14,000)
Decrease in Investment Cash	(2,646)	-	(2,646)
Net Investment Gains	315	1,903	2,218
Fair Value at 31 December 2015	98,078	24,291	122,369
Investments held at cost (at 1 January and 31 December 2015)	830	-	830
	98,908	24,291	123,199
Finance lease relating to investment property (Notes 12 and 13)	-	(2,291)	(2,291)
<b>Total net investments</b>	<b>98,908</b>	<b>22,000</b>	<b>120,908</b>
Historical Cost at 31 December 2015	79,699	7,227	86,926
Unrealised Gains	<b>19,209</b>	<b>14,773</b>	<b>33,982</b>
Realised Gains based on historic cost	<b>2,419</b>	-	<b>2,419</b>

The Investment Property for both the Group and the IET (Savoy Hill House) was valued as at 31 December 2015 by a RICS Registered Valuer from GVA Grimley Limited. The Valuer is not an employee or officer of the IET. The valuation has been undertaken in accordance with the RICS Valuation – Professional Standards, UK January 2014 (revised April 2015) (“the Red Book”) and has been valued on the basis of Fair Value. The Investment Property is accounted for as a finance lease. Lease payments are contingent on estimated rental value.

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

## 9B. FLOATING CHARGE

The IET Superannuation & Assurance Scheme (the Scheme) closed to future accrual on 31 March 2012. As part of the arrangement to close to future accrual the IET created a Security Agreement in favour of the Trustees of the Scheme. As continuing security for the obligations and liabilities of the

IET to make payments to the Scheme under the terms of the Security Agreement the IET charged, by way of a first floating charge, a proportion of its investments held with the Investment Manager. At 31 December 2015, the value of the assets subject to the floating charge was £33,296,000 (2014: £48,962,000). At 31 December 2015 the value of the floating charge itself was £10m (2014: £10m).

## 9C. ANALYSIS OF INVESTMENTS

	Group 2015 £000	Group 2014 £000	Charity 2015 £000	Charity 2014 £000
Investment property	24,291	22,388	24,291	22,388
Investments in subsidiary undertakings	-	-	830	830
Investments in joint ventures	802	1,019	-	-
Listed investments:				
- Equities	47,181	52,134	47,181	52,134
- Bonds	19,310	26,477	19,310	26,477
- Mixed Fund	27,230	27,364	27,230	27,364
Cash	4,357	7,003	4,357	7,003
	<b>123,171</b>	<b>136,385</b>	<b>123,199</b>	<b>136,196</b>

	Group 2015 £000	Group 2014 £000	Charity 2015 £000	Charity 2014 £000
UK	98,783	109,576	98,281	108,857
Non-UK	24,388	26,809	24,918	27,339
	<b>123,171</b>	<b>136,385</b>	<b>123,199</b>	<b>136,196</b>

Investments are primarily held to provide investment return to the Charity. The Trustees reviewed the investments in subsidiary undertakings and joint ventures as at 31 December 2015 and considered that no change in their carrying value was required.

## 10. STOCKS

	Group 2015 £000	Group 2014 £000	Charity 2015 £000	Charity 2014 £000
Publications and work in progress	387	277	387	165
Other stocks	9	9	-	-
	<b>396</b>	<b>286</b>	<b>387</b>	<b>165</b>

## 11. DEBTORS

	Group 2015 £000	Group 2014 £000	Charity 2015 £000	Charity 2014 £000
Trade debtors	1,900	2,020	1,363	1,534
Other debtors	1,162	1,465	1,131	1,338
Accrued income	4,084	4,378	3,937	4,303
Payments in advance	2,121	1,561	1,964	1,535
Amounts due from subsidiaries	-	-	1,058	1,844
	<b>9,267</b>	<b>9,424</b>	<b>9,453</b>	<b>10,554</b>

Included within 'Amounts due from subsidiaries' of the charity is a loan of £300,000 (2014: £300,000) from the IET to IET Services Ltd. The loan has no specified repayment date and carries interest at 1% above the UK bank base rate. The loan is secured by way of a fixed charge debenture over the assets of IET Services Ltd.

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2015 £000	Group 2014 £000	Charity 2015 £000	Charity 2014 £000
Accruals for grants payable	794	775	794	775
Trade creditors	3,046	3,435	2,853	3,191
Obligations under finance leases	97	97	97	97
Taxation and NI costs	617	562	510	477
Other creditors	666	641	651	627
Accruals	5,201	3,839	4,663	3,466
Amounts received in advance	9,051	8,424	8,775	8,267
Amounts due to subsidiaries	-	-	714	269
	<b>19,472</b>	<b>17,773</b>	<b>19,057</b>	<b>17,169</b>

'Amounts received in advance' represent deferred income from subscriptions. Substantially all of the receipts in advance as at 31 December 2014 were released to the Statement of Financial Activities in the year ended 31 December 2015. Accruals include termination payments of £20,558 (2014: nil).

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

	Group and Charity 2015 £000	Group and Charity 2014 £000
Funds held as at 1 January	400	380
Funds received in year	2,271	2,184
Funds transferred to owning entity	(2,282)	(2,164)
Funds held at 31 December	<b>389</b>	<b>400</b>

## 13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2015 £000	Group 2014 £000	Charity 2015 £000	Charity 2014 £000
Accruals for grants payable	958	1,140	909	1,140
Obligations under finance leases:				
- later than one year and not later than five years	387	387	387	387
- later than five years	1,807	1,904	1,807	1,904
	<b>3,152</b>	<b>3,431</b>	<b>3,103</b>	<b>3,431</b>

## 14. COMMITMENTS

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

	Group 2015 £000	Group 2014 £000	Charity 2015 £000	Charity 2014 £000
Land and buildings, expiry date:				
- within one year	54	170	3	158
- between two and five years	502	782	298	486
- after five years	2,251	2,304	2,251	2,304
	<b>2,807</b>	<b>3,256</b>	<b>2,552</b>	<b>2,948</b>
Vehicles and equipment, expiry date:				
- within one year	5	20	2	12
- between two and five years	27	24	27	19
	<b>32</b>	<b>44</b>	<b>29</b>	<b>31</b>

The total of future minimum lease payments in respect of finance leases as at 31 December for the Group and Charity are as disclosed in Notes 12 and 13 – ‘Obligations under finance leases’. The obligations relate to a lease that expires in the ‘later than five years’ category.

## 15. TRUSTEES AND RELATED PARTY TRANSACTIONS

During the year, travelling and subsistence expenses totalling £47,335 were incurred by 18 Trustees on behalf of the IET (2014: £63,149 by 11 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 £19,683 (2014: £31,010). The insurance also covered the Directors of the IET’s UK subsidiary companies.

The IET made contractual payments during the year to Schoolbacs Limited (Schoolbacs) totalling £36,000 (2014: £36,000) for the provision of cloud based software and related support services, of which £3,000 was outstanding as at 31 December 2015 (31 December 2014: nil). Schoolbacs meets the definition of a related party under accounting standards as Nigel Ward is a director and shareholder of Schoolbacs and is also a Trustee of the IET.

The IET has granted a licence to occupy contract to the Women’s Engineering Society (“WES”) for a subsidised amount of £1,000 per annum. This contract permits up to two representatives of the WES to occupy such area, as the IET may designate from time to time, in the IET’s premises known as Michael Faraday House, Six Hills Way, Stevenage. This contract expired on 30 September 2015 and is in the process of being renewed. Dr. Peter Bonfield is an IET Trustee whose spouse, Dawn Bonfield, is Chief Executive of WES.

Ms Naomi Climer, IET President and Trustee, entered into a consultancy agreement on 1 January 2016 with a related party, the International Broadcasting Convention (IBC) partnership. There was no financial effect on the accounts for the 2015 period.

Trustees and members of the Executive Team made unconditional donations of £9,750 in aggregate to the IET during 2015 (2014:nil).

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

Entity	Note	Relationship	% Ownership	Debtor/ (creditor) at 31 Dec 2015 £000	Income 2015 £000	Expenditure 2015 £000	Debtor/ (creditor) at 1 Jan 2015 £000	Income 2014 £000	Expenditure 2014 £000
IET Services Limited	i	Subsidiary	100%	(55)	1,750	(2,935)	159	1,856	(3,456)
IEE Conventions Limited	ii	Subsidiary	100%	671	1,888	-	881	2,281	-
IET USA, Inc	iii	Subsidiary	100%	(205)	261	(911)	516	241	(921)
IET India	iv	Subsidiary	99.9998%	22	-	(180)	(11)	-	(121)
IET Services (India)	v	Subsidiary	99.998%	9	63	(524)	97	77	(459)
IET Holdings	vi	Subsidiary	100%	55	5	-	50	-	-
IET Beijing	vii	Subsidiary	100%	(152)	-	(699)	(117)	-	(783)
IET Canada	viii	Subsidiary	100%	-	6	(28)	-	-	(33)
Institution of Engineering and Technology, USA	ix	Subsidiary	100%	-	-	(35)	-	-	(29)
IBC Partnership	x	Associate	34%	-	-	(1)	-	-	(1)
IBC Limited		Associate	34%	-	-	-	-	-	-

## Notes

- i. Income relates to Gift Aid receivable by the IET and recharges to IET Services Limited in respect of overheads and staff costs plus charges for the use of Venues excess space for third party room hire by IET Services Limited. Expenditure relates to recharges to the IET for costs incurred on behalf of IET Services Limited.
- ii. Income relates to Gift Aid receivable by the IET.
- iii. Income relates to commissions chargeable to IET USA, Inc. for IET products sold. Expenditure relates to business support service fees and book commissions chargeable by IET USA, Inc. to the IET.
- iv. Expenditure relates to business support services provided by IET (India). IET Services Limited holds the remaining 0.0002% of shares in this entity.
- v. Income relates to membership purchased by IET Services (India) from the IET. Expenditure relates to business support services provided by IET Services (India). IET Services Limited holds the remaining 0.002% of shares in this entity.
- vi. Income relates to expenses paid by the IET on behalf of IET Holdings.
- vii. Expenditure relates to business support services provided by IET (Beijing).
- viii. Income relates to grant paid back to the IET. Expenditure relates to grants paid by the IET.
- ix. Expenditure relates to grants paid by the IET.
- x. Expenditure relates to purchases from IBC Partnership by the IET.

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

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

Further transactions between entities within the IET Group are as follows:

- 1) IET (Beijing) has a creditor with IET Holdings at 31 December 2015 of £89,000 (2014: £88,000) relating to expenditure paid by IET Holdings on behalf of IET (Beijing). There were no income or expenditure transactions with Group entities during 2015. The movement in the year-end balance relates solely to foreign exchange retranslations.
- 2) IEE Conventions Ltd has a debtor with its joint venture, IBC Partnership, at 31 December 2015 of £691,000 (2014: £917,000) relating to annual profits not yet distributed. Income in the year from IBC Partnership was £1,881,000 (2014: £2,316,000). There were no expenditure transactions with Group entities.
- 3) During the year IBC Partnership acted as agent for IBC Limited (whose partners are also shareholders of the company) and wrote off an amount of £534,000 due from the company, leaving an outstanding balance payable of £117,000 (2014: £123,000).

- 4) IET Services Limited has 4 employees (2014: 4) who were members of the IET's defined benefit pension scheme, 'The IET Superannuation and Assurance Scheme' (IET SAS) until its closure to future accrual on 31 March 2012. The directors of IET Services Limited consider that there is insufficient information to account for the Scheme as a Defined Benefit Scheme in its own accounts, in particular as separate contribution rates were not identified for the participating employers of the scheme. As such the Scheme is accounted for on a Defined Contribution basis in the accounts of IET Services Limited. The FRS17 surplus of IET SAS at 31 December 2015 as calculated by the Scheme Actuary is £3,428,000 (2014: deficit of £541,000), full details of which are set out in Note 18. A recovery plan has been agreed between the principal employer, The IET, and the Scheme Trustees in respect of the deficit calculated based on the position at 31 March 2014, the date of the most recent triennial actuarial valuation. IET Services Limited's contribution into this scheme for the year to 31 December 2015 was nil (2014: nil).

## 16. RESERVES

### General Funds

**The General Funds** of the charity represent those unrestricted funds of the charity which have not been designated for a particular purpose by the Trustees. An appropriate level of reserves is required by the IET to manage contingencies and risk and thereby protect the continuity of its activities. The general funds are managed over the long term by reference to the key risks identified for the IET; currently including business continuity, investment volatility and pension liabilities. This target-based approach is described in the Reserves Policy on page 19.

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

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

### Designated Funds

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

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

The **Savoy Place Redevelopment Reserve** is to fund a major refurbishment of Savoy Place which started in 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 2016-2018 as set out in the IET's Corporate Plan.

The results of the FRS 102 valuation in respect of the IET's defined benefit pension schemes are disclosed in more detail in Note 18. The net pension scheme assets/(liabilities) are disclosed under **The Pension Scheme Funding Reserve**.

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



## Restricted Funds

**IET Restricted Funds:** In 1995, Government Grants of £1,289,000 were received by the IET to support the costs of development for Regional Engineering Centres. During the current year, a transfer has been made of the unamortised balance of £952,000 to unrestricted funds to reflect the fact that there are no longer any enduring restrictions for these properties.

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. These funds typically support scholarships, awards, prizes and research.

The Institution of Electrical Engineers Benefactors Trust Fund is the IET's principal Restricted Fund and was established for such charitable purposes connected with the Institution or connected with the advancement of education in electrical engineering generally including the establishment and award of scholarships, fellowships, lectureships, competitions, prizes and awards. It is shown separately on the basis of materiality.

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

Other Trust Funds include a variety of individual funds, the largest of which is the Lord Hirst Fund with funds at 31 December 2015 of £379,000 (31 December 2014: £383,000).

Trust Funds are included within the IET's wider investment portfolio and are shown at fair value at 31 December 2015. A number of these funds are also linked charities – further information is shown in Note 16a. Transfers between funds are made to reflect the necessary balances on each of the funds at the year-end date.

The **Impact Engineering Fund** represents monies that have been donated to the IET for various specific purposes. The movement in the period represents the net of restricted income received and expenditure incurred. A transfer has been made during the year of £200k to unrestricted funds to reflect the fact that there are no longer any enduring restrictions for this particular fund which was originally granted towards the cost of the Savoy Place refurbishment.

## 16A. LINKED CHARITIES

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

### *Permanent endowments - Other Trust Funds*

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

### *Expendable endowments - Institution of Electrical Engineers Benefactors Trust Fund:*

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

### *Expendable endowments - Other Trust Funds*

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

## 16B. RESERVES AND RESTRICTED FUNDS

### Group

	Balance at 1 January 2015 £000	Net Income/ (Expenditure) £000	Pension Scheme Actuarial Gain £000	Transfers £000	Balance at 31 December 2015 £000
<b>Total General Funds</b>	<b>80,973</b>	<b>6,763</b>	-	<b>(6,367)</b>	<b>81,369</b>
<b>Designated Funds</b>					
Fixed Assets Reserve	19,484	(369)	-	16,194	35,309
Invested Building Redemption Reserve	9,461	-	-	393	9,854
Savoy Place Redevelopment Reserve	18,170	(387)	-	(15,329)	2,454
Development and New Initiatives Reserve	6,300	(2,051)	-	4,651	8,900
IEECL Accumulated Fund	116	-	-	-	116
IETSL Accumulated Fund	94	-	-	-	94
IET India Accumulated Fund	48	13	-	-	61
IET Services (India) Accumulated Fund	96	49	-	-	145
IET Holdings Accumulated Fund	39	(7)	-	-	32
IET USA, Inc. Accumulated Fund	26	121	-	-	147
IET (Beijing) Accumulated Fund	231	97	-	-	328
<b>Total Designated Funds</b>	<b>54,065</b>	<b>(2,534)</b>	-	<b>5,909</b>	<b>57,440</b>
<b>Total Unrestricted Funds Before Pension (Liability)/Asset</b>	<b>135,038</b>	<b>4,229</b>	-	<b>(458)</b>	<b>138,809</b>
Pension Scheme Funding Reserve	(611)	-	2,621	1,610	3,620
<b>Total Unrestricted Funds After Pension (Liability)/Asset</b>	<b>134,427</b>	<b>4,229</b>	<b>2,621</b>	<b>1,152</b>	<b>142,429</b>
<b>Permanent Endowment Funds</b>					
Other Trust Funds	1,222	(8)	-	(1)	1,213
<b>Expendable Endowment Funds</b>					
Institution of Electrical Engineers Benefactors Trust Fund	5,015	(40)	-	(1)	4,974
Dr A F Harvey Fund	5,100	(269)	-	-	4,831
Other Trust Funds	455	(37)	-	2	420
<b>Total Expendable Endowment</b>	<b>10,570</b>	<b>(346)</b>	-	<b>1</b>	<b>10,225</b>
<b>Total Endowment Funds</b>	<b>11,792</b>	<b>(354)</b>	-	-	<b>11,438</b>
<b>Restricted Income Funds</b>					
IET Restricted Fund	952	-	-	(952)	-
Impact Engineering Funds	235	17	-	(200)	52
<b>Total Restricted Income Funds</b>	<b>1,187</b>	<b>17</b>	-	<b>(1,152)</b>	<b>52</b>
<b>Restricted Funds</b>	<b>12,979</b>	<b>(337)</b>	-	<b>(1,152)</b>	<b>11,490</b>
<b>Total Funds</b>	<b>147,406</b>	<b>3,892</b>	<b>2,621</b>	-	<b>153,919</b>

## 16B. RESERVES AND RESTRICTED FUNDS (CONTINUED)

### Charity

	Balance at 1 January 2015 £000	Net Income/ (Expenditure) £000	Pension Scheme Actuarial Gain £000	Transfers £000	Balance at 31 December 2015 £000
<b>Total General Funds</b>	<b>81,587</b>	<b>6,741</b>	-	<b>(6,367)</b>	<b>81,961</b>
<b>Designated funds</b>					
Fixed Assets Reserve	19,469	(367)	-	16,194	35,296
Invested Building Redemption Reserve	9,461	-	-	393	9,854
Savoy Place Redevelopment Reserve	18,170	(387)	-	(15,329)	2,454
Development and New Initiatives Reserve	6,300	(2,051)	-	4,651	8,900
<b>Total Designated Funds</b>	<b>53,400</b>	<b>(2,805)</b>	-	<b>5,909</b>	<b>56,504</b>
Total Unrestricted Funds Before Pension (Liability)/Asset	<b>134,987</b>	<b>3,936</b>	-	<b>(458)</b>	<b>138,465</b>
Pension Scheme Funding Reserve	(611)	-	2,621	1,610	3,620
<b>Total Unrestricted Funds After Pension (Liability)/Asset</b>	<b>134,376</b>	<b>3,936</b>	<b>2,621</b>	<b>1,152</b>	<b>142,085</b>
<b>Permanent Endowment Funds</b>					
Other Trust Funds	1,222	(8)	-	(1)	1,213
<b>Expendable Endowment Funds</b>					
Institution of Electrical Engineers Benefactors Trust Fund	5,015	(40)	-	(1)	4,974
Dr A F Harvey Fund	5,100	(269)	-	-	4,831
Other Trust Funds	455	(37)	-	2	420
<b>Total Expendable Endowment</b>	<b>10,570</b>	<b>(346)</b>	-	<b>1</b>	<b>10,225</b>
<b>Total Endowment Funds</b>	<b>11,792</b>	<b>(354)</b>	-	-	<b>11,438</b>
<b>Restricted Income Funds</b>					
IET Restricted Fund	952	-	-	(952)	-
Impact Engineering Funds	235	17	-	(200)	52
<b>Total Restricted Income Funds</b>	<b>1,187</b>	<b>17</b>	-	<b>(1,152)</b>	<b>52</b>
<b>Restricted Funds</b>	<b>12,979</b>	<b>(337)</b>	-	<b>(1,152)</b>	<b>11,490</b>
<b>Total Funds</b>	<b>147,355</b>	<b>3,599</b>	<b>2,621</b>	-	<b>153,575</b>

## 16C. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Intangible fixed assets	111	-	111	206
Tangible fixed assets	35,309	-	35,309	19,484
Investments	111,681	11,490	123,171	136,385
Current assets	14,332	-	14,332	13,146
Current liabilities	(19,472)	-	(19,472)	(17,773)
Long term creditors	(3,152)	-	(3,152)	(3,431)
Pension scheme asset/(liability)	3,620	-	3,620	(611)
	<b>142,429</b>	<b>11,490</b>	<b>153,919</b>	<b>147,406</b>

## 16D. ANALYSIS OF IET NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £000	Restricted and endowment funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Intangible fixed assets	407	-	407	-
Tangible fixed assets	35,296	-	35,296	19,469
Investments	111,709	11,490	123,199	136,196
Current assets	13,213	-	13,213	12,901
Current liabilities	(19,057)	-	(19,057)	(17,169)
Long term creditors	(3,103)	-	(3,103)	(3,431)
Pension scheme asset/(liability)	3,620	-	3,620	(611)
	<b>142,085</b>	<b>11,490</b>	<b>153,575</b>	<b>147,355</b>

## 17. RECONCILIATION OF FUNDS

### 17A. RECONCILIATION OF FUNDS – CHARITY ONLY

	Note	At 1 January 2014 £000	At 31 December 2014 £000
<b>Charity funds (as previously stated)</b>		<b>137,297</b>	<b>145,891</b>
Royalty receivable	i	2,041	2,574
Austin Court measurement	ii	(1,268)	(1,236)
Teacher Building measurement	iii	(318)	(308)
Savoy Hill House rent receivable	iv	468	430
Actuarial adjustment	v	-	-
Investment in IET USA, Inc.	vi	-	(11)
Investment management costs	vii	-	-
International Broadcasting Convention FRS 102 adjustments	ix	5	15
Governance costs	x	-	-
<b>Total Charity funds (as restated)</b>		<b>138,225</b>	<b>147,355</b>

## 17B. RECONCILIATION OF NET INCOME – CHARITY ONLY

	Note	Year ended 31 December 2014 £000
<b>Charity net income (as previously stated)</b>		<b>426</b>
Royalty receivable	i	533
Austin Court remeasurement	ii	32
Teacher Building remeasurement	iii	10
Savoy Hill House rent receivable	iv	(38)
Actuarial adjustment	v	(1,071)
Investment in IET USA, Inc.	vi	(11)
Investment management costs	vii	-
International Broadcasting Convention FRS 102 adjustments	ix	10
Governance costs	x	-
Investment gains	xi	10,541
<b>Charity net income (as restated)</b>		<b>10,432</b>

## 17C. RECONCILIATION OF FUNDS – GROUP

	Note	At 1 January 2014 £000	At 31 December 2014 £000
<b>Group funds (as previously stated)</b>		<b>137,234</b>	<b>145,931</b>
Royalty receivable	i	2,041	2,574
Austin Court remeasurement	ii	(1,268)	(1,236)
Teacher Building remeasurement	iii	(318)	(308)
Savoy Hill House rent receivable	iv	468	430
Actuarial adjustment	v	-	-
Investment management costs	vii	-	-
IEE Conventions Limited	viii	-	-
International Broadcasting Convention FRS 102 adjustments	ix	5	15
Governance costs	x	-	-
<b>Total Group funds (as restated)</b>		<b>138,162</b>	<b>147,406</b>

## 17D. RECONCILIATION OF NET INCOME – GROUP

	Note	Year ended 31 December 2014 £000
<b>Group net income (as previously stated)</b>		<b>529</b>
Royalty receivable	i	533
Austin Court measurement	ii	32
Teacher Building measurement	iii	10
Savoy Hill House rent receivable	iv	(38)
Actuarial adjustment	v	(1,071)
Investment management costs	vii	-
IEE Conventions Limited	viii	-
International Broadcasting Convention FRS 102 adjustments	ix	10
Governance costs	x	-
Investment gains	xi	10,541
<b>Group net income (as restated)</b>		<b>10,546</b>

## Notes:

- i. A prior period correction (as opposed to an adjustment arising from an accounting policy change) has been made for Quarter 4 royalties arising from a specific contractual arrangement as it is considered they meet the criteria for revenue recognition. This has the effect of increasing debtors and opening reserves by £2,041,000. In 2014, debtors and income increase by £533,000.
- ii. The carrying value of the leasehold interest in Austin Court has been reduced to its deemed cost based on professional valuation, reducing opening reserves by £1,268,000. In 2014, there is a consequential reduction in the depreciation charge of £32,000.
- iii. The carrying value of the freehold interest in the Teacher Building has been reduced to its deemed cost based on professional valuation, reducing opening reserves by £318,000. In 2014, there is a consequential reduction in the depreciation charge of £10,000.
- iv. A prior period correction (as opposed to an adjustment arising from an accounting policy change) has been made for rent receivable in respect of the Savoy Hill House investment property to take account of rent free periods that meet the criteria for revenue recognition. This has the effect of increasing debtors and opening reserves by £468,000. In 2014, debtors and income decrease by £38,000. Furthermore, as Savoy Hill House is an investment property held under a lease arrangement, it has been accounted for as a finance lease rather than an operating lease. This lease reclassification has no impact on reserves. However, at the Transition Date (1 January 2014) it increases both the Investment Property Asset and Creditors by an equal amount of £2,485,000.
- v. The calculation of the IET's pension obligations under FRS 102 has resulted in an amendment to the amounts shown within the SoFA as Expenditure and Actuarial gains/(losses) for the year ended 31 December 2014. There is no change to the IET's Reserves at 31 December 2014, nor the Net Movement of Funds for that year. As a result of the new calculation methodology under FRS 102 for defined benefit pension schemes, expenditure for the year ended 31 December 2014 has been increased by £1,071,000. The actuarial loss for the same period has been reduced by the same amount. The comparative figures have been restated to reflect the revised figures.
- vi. A prior period correction (as opposed to an adjustment arising from an accounting policy change) has been made at the opening reserves balance sheet date for a capital contribution made by the IET to IET USA, Inc. of £182,000. The correction reclassifies the debt from Intercompany debtors to Investments. This has a NIL net effect on reserves. In 2014, the retranslation of the Intercompany debtor is no longer needed as investments are required to be held at historic cost. Therefore the retranslation entry for £11,000 has been reversed. This adjustment has been excluded for the Group reconciliations (notes 17c and 17d) as intercompany transactions have already been eliminated.
- vii. The revised definition of investment management costs increases such costs in 2014 by £54,000. This has a NIL net effect on the net movement in funds.
- viii. In the consolidated financial statements, the IET accounts for its interests in the International Broadcasting Convention Partnership and IBC Limited using the equity method, disclosing separately both the Group's investment and share of profits in these joint ventures. This has no overall impact on reserves. However, at the Transition Date (1 January 2014), Investments in Joint Ventures are increased by £947,000. This is offset by a decrease in Creditors of £1,748,000, a decrease in Cash of £1,914,000, a decrease in Debtors of £661,000 and a decrease in the net book value of Tangible Fixed Assets of £120,000. IEE Conventions Limited (IEECL) holds 34% share investments in IBC Partnership and IBC Limited respectively. The IET previously accounted for these interests as a JANE (i.e. joint arrangement not an entity). However, this is not an option under FRS 102 and therefore, as the joint venture is constituted as a separate entity, it is now accounted for as such using equity accounting.
- ix. The financial statements of the International Broadcasting Convention partnership, where IEECL has a 34% share of partnership investment were restated in respect of the following foreign currency issues; year-end balances that had previously been revalued at contracted rates were adjusted to revalue at year end rates for 2013 and 2014; fair value movements on forward exchange contracts were recognised in 2013 and 2014; and turnover and cost of sales transaction in Euros in 2014 have been converted at spot rates as at the date of transactions rather than at average rates for the year. The net impact of these changes in the Charity are an increase in Investment Income – Gift Aid Receivable of £5,000 in 2013 and £10,000 in 2014 with a total increase in Debtors – Amounts due from Subsidiaries of £15,000 as at 31 December 2014. The net impact of these changes in the Group are an increase in Share of profit in joint ventures of £5,000 in 2013 and £10,000 in 2014 with a total increase in Investments of £15,000 as at 31 December 2014. The net impact of these changes in the Group are an increase in Share of profit in joint ventures of £5,000 in 2013 and £10,000 in 2014 with a total increase in Investments of £15,000 as at 31 December 2014.
- x. As required by the Charities SORP (FRS 102), Governance costs are no longer shown on the face of the SoFA, but are included in Support Costs (Note 5a) and allocated to the IET's various charitable activities. Governance costs in the year ended 31 December 2014 were £905,000.
- xi. Investment gains are now included within net income/ (expenditure) under FRS 102.

## 18. PENSION SCHEMES

### 18A. DEFINED BENEFIT SCHEMES

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

For the purposes of these financial statements actuaries carried out FRS 102 valuations for both schemes as at 31 December 2015.

#### The IET Superannuation & Assurance Scheme (IET SAS)

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

The most recent triennial valuation was carried out as at 31 March 2014.

The IET expects to contribute £1,188,000 to the Scheme in the year ending 31 December 2016.

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

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

The most recent triennial valuation was carried out as at 1 November 2013.

The IET expects to contribute £202,000 to the Scheme in the year ending 31 December 2016.

#### Assumptions

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

	IET SAS 2015 % pa	IET SAS 2014 % pa	IIE PLAS 2015 % pa	IIE PLAS 2014 % pa
Price inflation (RPI)	3.30	3.25	3.30	3.25
Price inflation (CPI)	2.30	2.25	n/a	n/a
Pension in payment increases, pre April 1997	2.00	2.00	3.30	3.25
Pension in payment increases, post April 1997	3.20	3.15	5.00	5.00
Rate of deferred pension increases	2.30	2.25	3.30	3.25
Salary increases	n/a	n/a	4.30	4.25
Discount rate	3.80	3.50	3.80	3.50

The mortality assumptions adopted at 31 December 2015 imply the following life expectancies:

	IET SAS 2015	IET SAS 2014	IIE PLAS 2015	IIE PLAS 2014
Member age 60 – male (current life expectancy)	29.4	29.2	29.7	29.3
Member age 60 – female (current life expectancy)	30.9	30.7	31.0	30.6
Member age 40 – male (future pensioner)	32.2	32.0	32.0	31.8
Member age 40 – female (future pensioner)	32.7	32.6	32.6	32.2

## Analysis of the amounts charged to Statement of Financial Activities

	IETSAS 2015 £000	IIEPLAS 2015 £000	Total 2015 £000	Total 2014 £000
Current service cost	-	21	21	20
Administration costs	82	8	90	6
Net interest (credit)/charge on net defined benefit liability	(6)	2	(4)	24
<b>Net amount charged to statement of financial activities</b>	<b>76</b>	<b>31</b>	<b>107</b>	<b>50</b>

	IETSAS 2015 £000	IIEPLAS 2015 £000	Total 2015 £000	Total 2014 £000
Actual return on assets excluding amounts included in net interest	(5,944)	(6)	(5,950)	7,029
Actuarial gains/(losses) arising on scheme liabilities	8,472	155	8,627	(8,331)
Amount of surplus not considered recoverable	-	(56)	(56)	-
<b>Actuarial gains/(losses) charged to the statement of financial activities</b>	<b>2,528</b>	<b>93</b>	<b>2,621</b>	<b>(1,302)</b>



## Analysis of the amounts recognised in the Balance Sheet

Changes to fair value of scheme assets	IETSAS 2015 £000	IIEPLAS 2015 £000	Total 2015 £000	Total 2014 £000
<b>Opening fair value of scheme assets</b>	<b>138,011</b>	<b>2,309</b>	<b>140,320</b>	<b>129,622</b>
Interest income	4,780	82	4,862	5,655
Contributions by plan participants	-	2	2	2
Contributions by employer	1,516	200	1,716	2,635
Benefits paid	(4,456)	(8)	(4,464)	(4,623)
Return on Scheme assets excluding interest	(5,944)	(6)	(5,950)	7,029
<b>Closing fair value of scheme assets</b>	<b>133,907</b>	<b>2,579</b>	<b>136,486</b>	<b>140,320</b>
<b>Changes to present value of benefit obligations</b>	IETSAS 2015 £000	IIEPLAS 2015 £000	Total 2015 £000	Total 2014 £000
<b>Opening present value of benefit obligations</b>	<b>138,552</b>	<b>2,379</b>	<b>140,931</b>	<b>131,517</b>
Current service cost	-	21	21	20
Interest costs	4,773	84	4,857	5,684
Contributions by plan participants	-	2	2	2
Benefits paid	(4,456)	(8)	(4,464)	(4,629)
Expenses	82	8	90	6
Actuarial losses/(gains)	(8,472)	(155)	(8,627)	8,331
<b>Closing present value of benefit obligations</b>	<b>130,479</b>	<b>2,331</b>	<b>132,810</b>	<b>140,931</b>
	IET SAS 2015 £000	IIE PLAS 2015 £000	Total 2015 £000	Total 2014 £000
Fair value of scheme assets	133,907	2,579	136,486	140,320
Present value of benefit obligations	(130,479)	(2,331)	(132,810)	(140,931)
Amount of surplus not considered recoverable	-	(56)	(56)	-
<b>Net surplus</b>	<b>3,428</b>	<b>192</b>	<b>3,620</b>	<b>(611)</b>

## Fund assets

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

	2015 £000	2015 %	2014 £000	2014 %
<b>IET SAS</b>				
UK Equities	<b>15,679</b>	<b>11.7</b>	38,259	27.7
Overseas Equities	<b>15,544</b>	<b>11.6</b>	38,848	28.2
Debt Securities - Government	<b>41,395</b>	<b>30.9</b>	52,082	37.7
Diversified Growth Funds	<b>32,422</b>	<b>24.2</b>	-	-
Insurance contracts	<b>28,599</b>	<b>21.4</b>	-	-
Cash and cash equivalents	<b>268</b>	<b>0.2</b>	8,822	6.4
	<b>133,907</b>	<b>100.0</b>	138,011	100.0
<b>IIE PLAS</b>				
Aviva DAF Funds	<b>2,579</b>	<b>100.0</b>	2,309	100.0

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

## 18B. DEFINED CONTRIBUTION SCHEMES

Both the IET and employees make contributions towards the IET's defined contribution stakeholder pension arrangement. At 31 December 2015, 494 employees were members of the scheme (2014: 449). The total employer contributions paid to this scheme during the year amounted to £1,680,000 (2014: £1,682,000).

The pension charge for the year to 31 December 2015 for all schemes was £1,953,000 (2014: £1,817,000).

## 19. CONTINGENT LIABILITIES

The charity is grouped for VAT purposes with its UK trading subsidiaries and therefore has a contingent liability of £7,957 (2014: £45,562) for the settlement of VAT due from its subsidiaries.

## 20. CAPITAL COMMITMENTS

The Trustees have authorised total expenditure in respect of the Savoy Place redevelopment of £30.9m, of which £28.6m had been incurred as at 31 December 2015. The Group and IEECL had capital commitments at 31 December 2015 relating to their share in the IBC Partnership of £nil (2014: £10,200). The Group and the Charity had no other capital commitments at 31 December 2015 (31 December 2014: Group and Charity £nil).

# LEGAL AND ADMINISTRATIVE INFORMATION

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

## Principal Office

Savoy Place, London WC2R 0BL, UK

## Trustees

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

Ms F Azirar

Dr P W Bonfield

Ms N W Climer

Professor R A Cryan (appointed 1 October 2015)

Miss A K Delahunty

Mr D W A East

Dr W D Evans

Dr A C Harter

Eur Ing T T Hlaing (appointed 1 October 2015)

Eur Ing G N Hobbs (appointed 1 October 2015)

Professor W J Stewart

Mr N Ward

Professor J D M Watson

Mr N P Winser

Eur Ing Dr C K J Wong (appointed 1 October 2015)

### ***Other Trustees who served during the period of the report:***

Dr S D Hart (retired 30 September 2015)

Mrs V M Hodge (retired 30 September 2015)

Mr A J Watts (retired 30 September 2015)

Professor W T Webb (retired 30 September 2015)

## Chief Executive and Secretary

Mr N Fine

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Mr E L Almond

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### IET Birmingham: Austin Court

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[www.theiet.org](http://www.theiet.org)