



THE IET TRUSTEES' ANNUAL REPORT AND ACCOUNTS

Year ended: 31 December 2016

INTRODUCTION

FROM THE PRESIDENT AND CHIEF EXECUTIVE AND SECRETARY

2016 marked a year of transformation for the IET. As its first female President in 145 years, Naomi Climer initiated the IET's call for greater gender diversity and inclusion in engineering, which culminated in the latter part of the year with the IET's most successful social media campaign to date – #9percentisnotenough – highlighting that only nine per cent of the UK's engineering workforce is female.

Following a member vote in February, the IET has transformed the way in which it is governed to place members at the heart of IET activities. Changes include the creation of a new Volunteer Engagement Board and the way in which Council operates.

IET London: Savoy Place also completed its first full year of operation since its refurbishment. The venue has been transformed into a fantastic resource for the engineering and technology community. It has welcomed 88,684 visitors through its doors, received an award for Best New or Refurbished Venue at the London Venue Awards for its ingenuity, and was officially reopened by Her Royal Highness The Princess Royal in October.

Throughout 2016, the IET continued its mission to inspire, inform and influence.

INSPIRE

The IET's campaign to Engineer a Better World continued to inspire young people and their parents to discover how creative and innovative engineering and technology careers can be. The second IET Engineering Open House Day attracted over 2,000 young people and their parents to some of the UK's best known organisations. The IET's Faraday Challenge Days continued to grow, with events taking place in Hong Kong, Singapore, Brunei and Australia.

During the year, the IET presented over £1 million in awards, prizes and scholarships and launched Engineering Horizons bursaries to support students and apprentices facing personal challenges who want to study engineering. Of the 26 bursaries awarded in its inaugural year, 20 were funded by external donors as a result of the IET's fundraising campaign.

The IET relies on the dedication of its volunteers for much of its work, including supporting engineers locally. In June, 280 volunteers attended the IET Global Volunteer Conference in London: Savoy Place to learn, share and network.



2016 marked a year of transformation for the IET

Professor Jeremy Watson CBE, IET President



Throughout 2016, the IET continued its mission to inspire, inform and influence

Nigel Fine, Chief Executive and Secretary

INFORM

During 2016, the IET published 6,177 papers and increased the number of records on Inspec to over 16 million. In China, the IET hosted conferences including the 12th International Conference on AC/DC Power Transmission in Beijing and the Intelligent and Connected Vehicles Conference in Chongqing. IET India organised its first Internet of Things Congress in Bengaluru, bringing together thought leaders, industry, government and entrepreneurs. The event was the largest of its kind in India and combined plenary sessions, panel discussions and networking opportunities.

In October, the IET hosted its first Engineering the Future Festival in London, bringing together world-class presenters who explored future trends, covering topics from artificial intelligence to digital health with parallel interactive workshops held for 11-14 year olds.

INFLUENCE

The IET continued to partner with academia, industry and professional engineering institutions to provide expertise on a range of issues affecting engineers, engineering and society.

Earlier in the year, the IET signed an agreement with the China Electric Power Research Institute to co-publish an open access engineering journal, High Voltage. In May, the IET signed a framework agreement with Energy Systems Catapult and produced a report for government on Future Power Systems Architecture in the UK. Following the result of the EU Referendum in June, the IET worked with other professional engineering institutions to deliver a report to government – Engineering a future outside the EU: securing the best outcome for the UK – which represented over 450,000 engineers. The IET also teamed up with the Institute of Chartered Accountants of England and Wales to produce a paper on investment and the industrial strategy – a theme that will continue into 2017.

We are looking forward to continuing to develop these important working relationships in 2017 for the benefit of our members, the engineering community and wider society.

Professor Jeremy Watson CBE,
IET President

Nigel Fine
Chief Executive and Secretary

INSPIRE



OVER £1,000,000
AWARDS AND PRIZES IN 2016



913,000 IET
VIDEO VIEWS
ON You **Tube**™



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

OVER 38,000



THE IET WELCOMED
48,487 ONLINE
COMMUNITY MEMBERS

INFORM



OVER 16 M Inspec
RECORDS



OVER
6,000
PAPERS PUBLISHED

INFLUENCE

IET REGISTERED MEMBERS GREW BY **2,000** ↑

OVER 168,000 MEMBERS
WORLDWIDE



IET MEMBERS
IN 150
COUNTRIES

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REPORT OF THE TRUSTEES

AIMS AND OBJECTIVES

The Royal Charter and Bye-laws of the IET state that its **purpose** is:

“To promote the general advancement of science, engineering and technology and to facilitate the exchange of information and ideas on these subjects amongst the members of the IET and otherwise.”

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

“Working to engineer a better world.”

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

These principles are explained in our **Mission** statement:

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

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

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

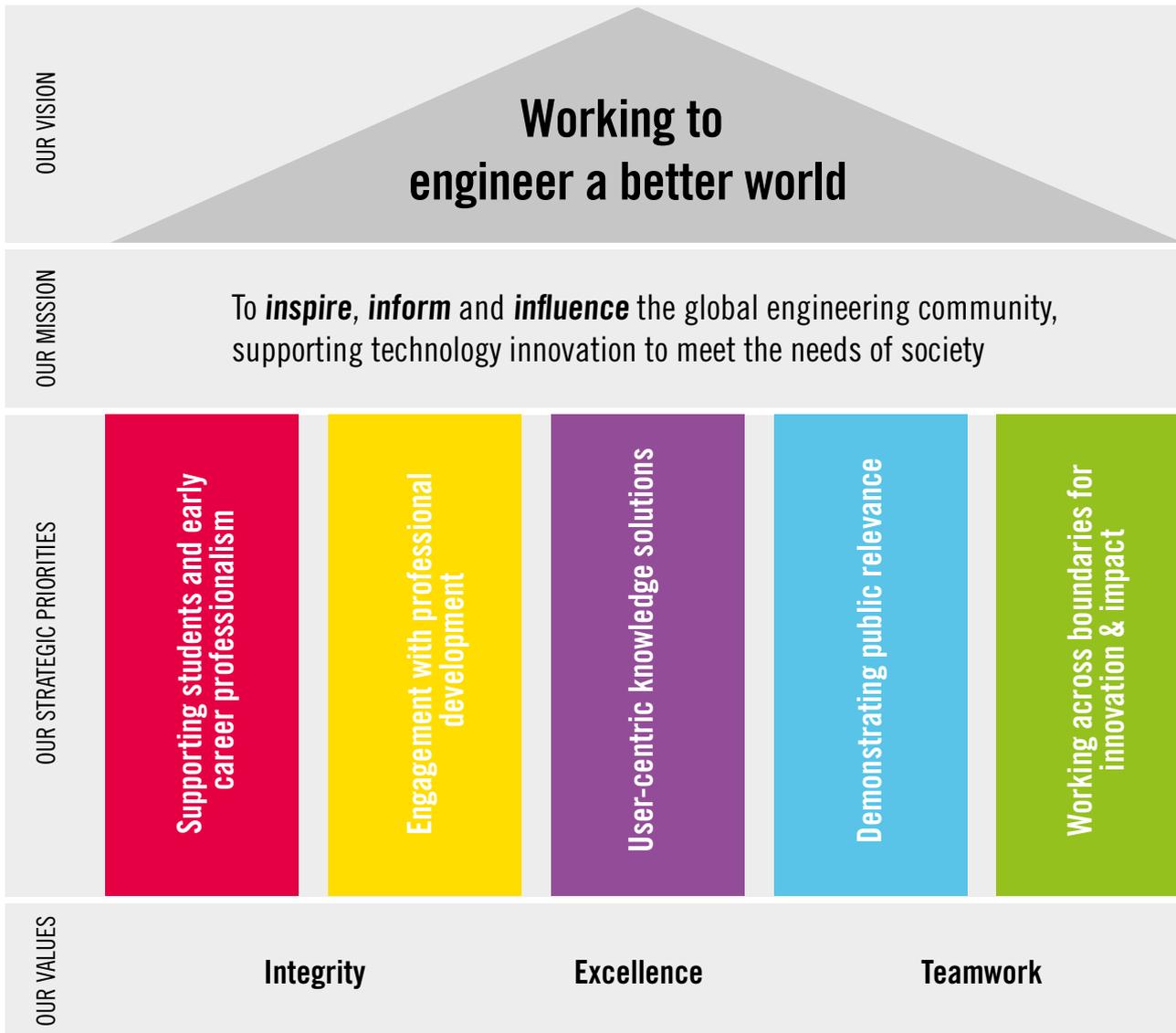
Membership and Professional Development activities which focus on the career-long professional development and professional registration of individuals.

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

The activities are overseen by the IET's Knowledge Services Board, the IET's Membership and Professional Development Board and for the first time in 2016, a Volunteer Engagement Board. These Boards comprise representatives from both IET staff and volunteers – and are directly responsible to the IET's Board of Trustees.

DELIVERING THE IET'S MISSION AND VISION

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



The IET's success is measured via a number of strategic key performance indicators (KPIs) which are matched against each of the strategic objectives and enabling values.

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 our key values of integrity, excellence and teamwork.

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

1

STRATEGIC PRIORITIES

Support the transition of students and young professionals into engineering careers

To encourage a pipeline of future engineers, the IET works with educational stakeholders to promote engineering as an inspiring career choice, as well as providing a range of scholarships to support engineering students into education.

The IET works with universities and employers to increase visibility of both the profession and the Institution on campus to support a successful transition into employment. It also promotes role models and case studies of successful young engineers from diverse backgrounds and ensures younger members are embedded in IET governance and volunteering.

The IET's services, communications and pricing are related to career stage, through the Professional Home for Life programme, to promote engagement in learning and encourage achievement of professional registration in early career.

Likewise, we encourage greater professionalism at technician-level through qualifications.

The IET's strategic KPIs with respect to this priority are the number of non-student/apprentice members below the age of 40 and the number of newly registered members.



A Faraday Challenge Day at Clapton Girls Academy, supported by the Jack Petchey Foundation

2

Engage with professional development to ensure and demonstrate engineering competence

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

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

In addition to focusing our activity around sectors, the IET has tailored a specific suite of solutions and resources to the small and medium enterprise community.

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

The IET's strategic KPIs with respect to this priority are a measure of the number of physical or virtual attendees at our programme of technical events and lectures, as well as the average monthly number of unique viewers of our online technical information resource, IET.tv.



The IET promotes BBC Micro:bit through its STEM activities

3

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

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 vast amount of tacit knowledge held by IET members and the wider engineering and technology community.

We provide authors with multiple publishing channels including a number of Open Access services and ensure that knowledge is accessible to the engineering and technology community via indexing and semantic enrichment techniques. We also work with trusted institutional partners to extend our reach and take advantage of economies of scale.

We are focused on providing services to our members, users and customers and work hard to provide information in a user-centric and device-independent way.

The IET measures both the number of peer reviewed papers that we publish, as well as the impact of those papers on research (via Journal Impact Factors), in order to gauge our success with regards to this strategic priority.



4

Demonstrating the public relevance of engineering to society and as a positive career choice

The IET seeks to emphasise the importance of engineering and technology, our professional and academic communities and the IET as solution-providers for global issues.

We believe that engineers, academics and technicians have a vital role to play in finding solutions to current and future societal challenges and we provide both policy influence and thought leadership to promote this.

We work in partnership with a number of relevant bodies to inspire young people to consider engineering as a career to ensure a healthy pipeline of engineering talent.

The IET positively encourages diversity and inclusion in engineering and technology and has a number of ongoing campaigns that aim to make a tangible impact on inclusivity.

The IET uses a bespoke, quality-based measure of the impact we have in the media with regards to this priority.



Parents and children competing to build a bridge at an Engineering Open House Day event held at Building Research Establishment

5

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

The IET Community, with regards to both current and potential members, is a key factor in achieving the IET's vision and as such, ongoing engagement continues to be a priority.

We proactively support inter and multi-disciplinary working as a mechanism to support innovation and work closely with academia, industry and governments to promote the contribution of qualification and membership to professionalism.

The IET proactively seeks partnerships with other national and global institutions in order to provide a common and more powerful voice for the engineering and technology community.

We support the international development of professional standards and training solutions where a sustainable need exists, and source and distribute content across the global research community to meet demand.

The IET's strategic KPI with respect to this goal is a measure of the unique number of visitors to our website, on a month-by-month basis.



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 4,000 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 2016, IET volunteers were instrumental in the delivery of over 1,300 events across the globe.



A plenary session at the IET Volunteer Conference, which took place at Savoy Place, London



Networking opportunities at the 2016 IET Volunteers Conference

IMPACT ENGINEERING FUNDRAISING CAMPAIGN

We are delighted to report that our fundraising campaign, Impact Engineering, has continued to build on its success.

Thanks to generous donors the campaign has progressed its goals to encourage and support more young people to study engineering and choose it as their profession by offering schools-based programmes, scholarships and bursaries.

We are grateful to the Lloyds' Register Foundation, The Engineers' Trust, the Manly Trust and Mr and Mrs Graham Tubbs for helping us to launch our new and innovative IET Engineering Horizons Bursaries. As a result we have been able to offer 26 bursaries, four times as many awards to apprentices and students as we could have on our own.



IET's FIRST® LEGO® League (FLL®) UK volunteer and team

Engineering Horizons Bursaries are being championed by IET President Professor Jeremy Watson during his year in office to encourage more organisations to join in.

Increased and renewed support for our schools programmes – Faraday Challenge Days and FIRST® LEGO® League – from new and existing donors has meant that almost 9,000 children were able to experience the thrill of a hands-on and eye-opening engineering challenge and at the same time have a glimpse of the exciting possibilities of a career in engineering. A total of 76 of the 100 Diamond Jubilee Scholarships awarded in 2016 are funded through the continued support of companies and charitable trusts.

We are particularly proud that donations have come from individual members like Mr Graham Tubbs FIET and Mr Keith Thrower MIET. This range of support demonstrates that our values and aims are shared by many.

We were humbled to receive a generous legacy from the late Mr Donald Nappin, a member of the IET for more than 50 years.

As well as funding, we are grateful to the many volunteers who help to make our schools programme run smoothly, mentor students and apprentices and offer their services as Campaign Ambassadors.

In total, new donations and pledges of £483,000 in 2016. The IET would not be able to deliver the depth and range of Impact Engineering activities without the support of all our partners, new and old.

Fundraising statement

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fundraising as “soliciting or otherwise procuring money or other property for charitable purposes”. Such amounts receivable are presented in our accounts as “Donations and legacies” and are all voluntary in nature.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the Executive Team, who are accountable to the Trustees.

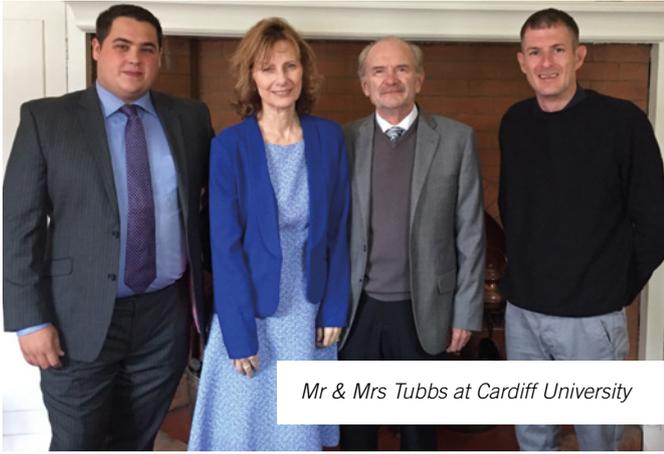
Although the charity is not bound by any undertaking to be bound by any regulatory scheme, the charity complies with the relevant codes of practice.

We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds we do not specify such terms to fundraising activities and nor do we consider it necessary to design specific procedures to monitor such activities.

Grant making policy

The IET does not generally make grants from its unrestricted funds. Grants are therefore generally made to individuals in the form of scholarships and awards in accordance with the objectives and restriction of relevant funds and under the supervision of the Scholarships Committee and the Awards & Prizes Committee. IET also administers the Dr A F Harvey Fund under which grants are generally awarded to an organisation within which funded research is performed. Award of the Dr A F Harvey Fund is judged by the IET A F Harvey Engineering Research Prize Search and Selection Committee and recipients are required to report on the application of funds and research outcomes to the Committee.





Mr & Mrs Tubbs at Cardiff University

We received new donations and pledges of

£483,000

in 2016

- Airbus Group Ltd
- The Belling Charitable Settlement
- Robert Bosch UK Holdings
- BT plc
- Caterpillar Inc.
- The Engineers Trust
- The ERA Foundation
- BAE Systems plc
- Kirby Laing Foundation
- Lloyds' Register Foundation
- The Manly Trust
- Motorola Solutions Foundation
- National Grid plc
- Jack Petchey Foundation
- Royal Commission for the Exhibition of 1851
- Siemens plc
- Mr Keith Thrower FIET
- Graham and Kathleen Tubbs
- The donors of Take Your Place
- Other donors



Diamond Jubilee Scholar Chris Beach BEng, right, volunteered at the University of Manchester's Science Spectacular

ACHIEVEMENTS AND PERFORMANCE

The IET continued its positive progress against its strategy and objectives in 2016 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 areas which support their delivery.

Knowledge Sharing

Sharing knowledge in the 21st Century goes beyond simply connecting individuals to documents. The IET has at its disposal a number of methods of ensuring that both IET members and non-members can rely on the Institution to deliver the right information to them, in the format most convenient to them.

These formats include:

- Technical and academically driven events
- Peer-reviewed research publications, including Inspec, the IET's abstract and indexing database
- Books, magazines and web-based content, including video via IET.tv
- The IET Wiring Regulations (BS7671) and associated peer-reviewed guidance which support safe and effective electrical installation
- The funding and facilities for physical and virtual communities to form around areas of professional interest.

What we said we would do

Our 2016 KPIs were as follows:

KPI	2016 target	2016 outcome
Event attendees	122,250	144,091
Papers published	7,050	6,117
Average unique website visitors per month	645,000	635,630
Average unique visitors to IET.tv per month	4,650	8,779

What we achieved

International events programme

2016 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 122,250 attendees.

Our event highlights from 2016 include over 1,500 free-to-attend lectures and seminars on cutting-edge subjects, including:

- Machine Vision and Automation (Malaysia)
- Small Modular Nuclear Reactors (UK)
- Space Robotics: Past, Present and Future (UK)

- A visit to the SpaceX Production Facility (United States)
- Pattern Recognition Systems (Chile)
- Innovation in the Internet of Things Market (Australia).

As in previous years, the IET ran another 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. These events generated some 1,000 academic papers and helped 2,000 delegates to connect and share their latest ideas and research.

The 2016 IET Annual Dinner took place in February and featured a lecture by celebrated British physicist Professor Brian Cox OBE.



Professor Brian Cox, OBE

In China, our Call-for-Papers conferences calendar included ICV 2016, which explored Intelligent and Connected Vehicles, and AC/DC 2016, which was held for the first time in Beijing. These events attracted almost 600 abstracts between them.

In India, we are pleased to have delivered large scale conferences on Signal Processing and the Internet of Things (IoT). Alongside backing from senior Government officials and the private sector engineering community, we were able to welcome 1,338 India-based delegates to our events.



Attendees at the IET's 2016 Intelligent and Connected Vehicles Conference, which took place in Chongqing, China

IoT India Congress 2016

The IET held its first IoT Congress during November 2016. The event brought together key stakeholders across the burgeoning IoT industry to discuss and share a practical roadmap for IoT implementation in India.

The event featured more than 50 prominent speakers from sectors including manufacturing, smart cities, healthcare and retail alongside input from Shri J S Deepak, Secretary of the Indian Government's Ministry of Telecommunications and Shri Ravi Shankar Prasad, Honourable Minister of Information Technology, Law & Justice.

Successful relaunch of IET.tv

Following its successful relaunch in 2015, 2016 saw a wealth of content added to the IET's online TV channel. The service contains, on demand, a wide range of resources, from interviews with the world's leading engineers and technologists to video footage from our technical and Call-for-Papers conference programme. As a global organisation, the IET considers IET.tv to be a crucial method by which we ensure all members receive maximum benefit from their association with us. At the beginning of the year, the IET introduced a new strategic KPI to track average unique users of the service per month; our performance outstripped our initial estimates, with almost 9,000 users per month. There are more than 9,000 videos currently available, with many more to be added in 2017 and beyond!

Full programme of events at The IET London: Savoy Place

Following its extensive 2015 refurbishment, the IET ran a full programme of events at Savoy Place, providing the engineering community with a full suite of facilities, activities and resources. Highlights from the year include:

- An 'Engineering Festival', which brought together almost 700 delegates of all ages for a wealth of content for engineers of varying competence levels, including the engineers of the future. The event incorporated IET President Professor Jeremy Watson's 2016 Address, which was entitled 'The Interdisciplinary Jigsaw – Developing the Engineering Future'
- The IET's 2016 Prestige Lecture series, which covered concepts as diverse as Smart Machines, Microscopy, Manufacturing and Future Energy Policy
- An official reopening of the building by IET Honorary Fellow, HRH The Princess Royal. As part of the ceremony, a time capsule containing children's predictions regarding the future of engineering and technology was sealed to mark the occasion; it will be unearthed in 50 years from now.

Social networking

The IET rebranded its MyCommunity online collaboration platform as 'Engineering Communities', but the service maintained its core functionality of providing a secure platform for engineers, technicians and technologists to make contact and share ideas. As at the end of 2016, the service featured more than 48,000 regular users and 300+ online communities.



The IET's inaugural IoT Congress

Visitors to the IET's Website

For 2016, we set the ambitious target of attracting an average of 645,000 unique visitors per month to the IET website. We narrowly missed this target, reaching an average of 635,630 unique visitors per month. However, this figure represents a 12% increase on average visitors per month during 2015.

IET Journals

Over 6,000 new technical papers written by both IET members and non-members were published within IET event proceedings and within IET journals, alongside the 35 books produced during the year.

The 16 millionth record was also added to the IET's Indexing database of technical and scientific literature, Inspec.

In addition, a new IET Journal, High Voltage, was launched by the IET in conjunction with the China Electric Power Research Institute. High Voltage is an open access journal.



The IET's Engineering the Future Festival, which featured conferences, interactive workshops and the 2016 IET President's Address

Our plans for 2017

- The functionality of the IET's Inspec Database will be further enhanced with the potential to deliver new value-added services utilising Machine Aided Indexing and semantic enrichment
- The IET will run a selection of high quality Call-for-Papers conferences aimed at the academic community, including;
 - CIRED 2017 (Electricity distribution, Glasgow)
 - RTDN 2017 (Transmission and distribution networks, Birmingham)
 - Intelligent Signal Processing (London)
 - Engineering Biology by Design (London)
- In addition, a courses portfolio will be delivered to support the global engineering community to develop in Industries including,
 - Cyber Security
 - Railway Electrification
 - High Voltage Engineering
 - Satellite Communications
- Successful UK-based courses will also be adapted for Chinese audiences on subjects including Power Electronics and Power System Protection
- The Institution will undertake a rapid expansion of the IET's Open Access Journal programme and will seek further partnership and co-publishing opportunities.

Membership and Professional Development

The IET encourages 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 and the need to establish and maintain a positive approach to further knowledge acquisition.

What we said we would do

<i>KPI</i>	2016 target	2016 outcome
Number of new registered members	2,250	2,205
Number of non-student and apprentice members below the age of 40	37,600	38,961

What we achieved

In order to protect the future of the engineering and technology professions, the IET places high importance on encouraging students into engineering careers – we were able to over achieve against our target total membership for the under 40's age group set for 2016.

Promoting professionalism is one of the IET's key goals and we were able to professionally register 2,205 new engineers during 2016, which, while below our full 2016 target, represents a 2% increase on our 2015 total.

New Bursary launched

The IET launched a new bursary aimed at engineering undergraduates and apprentices in financial need. The new scheme is called the Engineering Horizons Bursary and we awarded annual bursaries of £1,000 each to a total of 26 individuals during 2016.

Professionalism and career development

We continue to support the professional development of our members via Career Manager, an online support tool that saw high levels of usage in 2015. During 2016, visitors to the service exceeded 16,000, with an average of 689 new users per month since Career Manager's launch.

A new website was also launched by the IET's Young Professionals Community Committee which pulled together in one place all IET information, products and services relevant to young engineering professionals from across the IET's family of main websites.

Support for SMEs

Enterprise Partners, an IET scheme which offers tailored support to small and medium sized engineering companies and their employees, was officially launched in 2016. By the end of the year, 16 organisations had become partners and by doing so, made a commitment to professionalism.

Our plans for 2017

Following explosive growth in the number of IET On Campus Student groups, we will undertake activities to increase our engagement with students and grow this number further.

The Institution's online learning tool, the IET Academy, will launch during mid-2017 and support the engineering community's learning and development.

The IET's Lifeskills Workshops will be piloted in a number of local networks outside the UK. This follows a successful pilot scheme in Australia during 2016. The workshops are aimed at young professionals and are short, free-to-attend sessions that provide an introduction to the 'soft skills' young professionals need to kick-start their engineering careers.

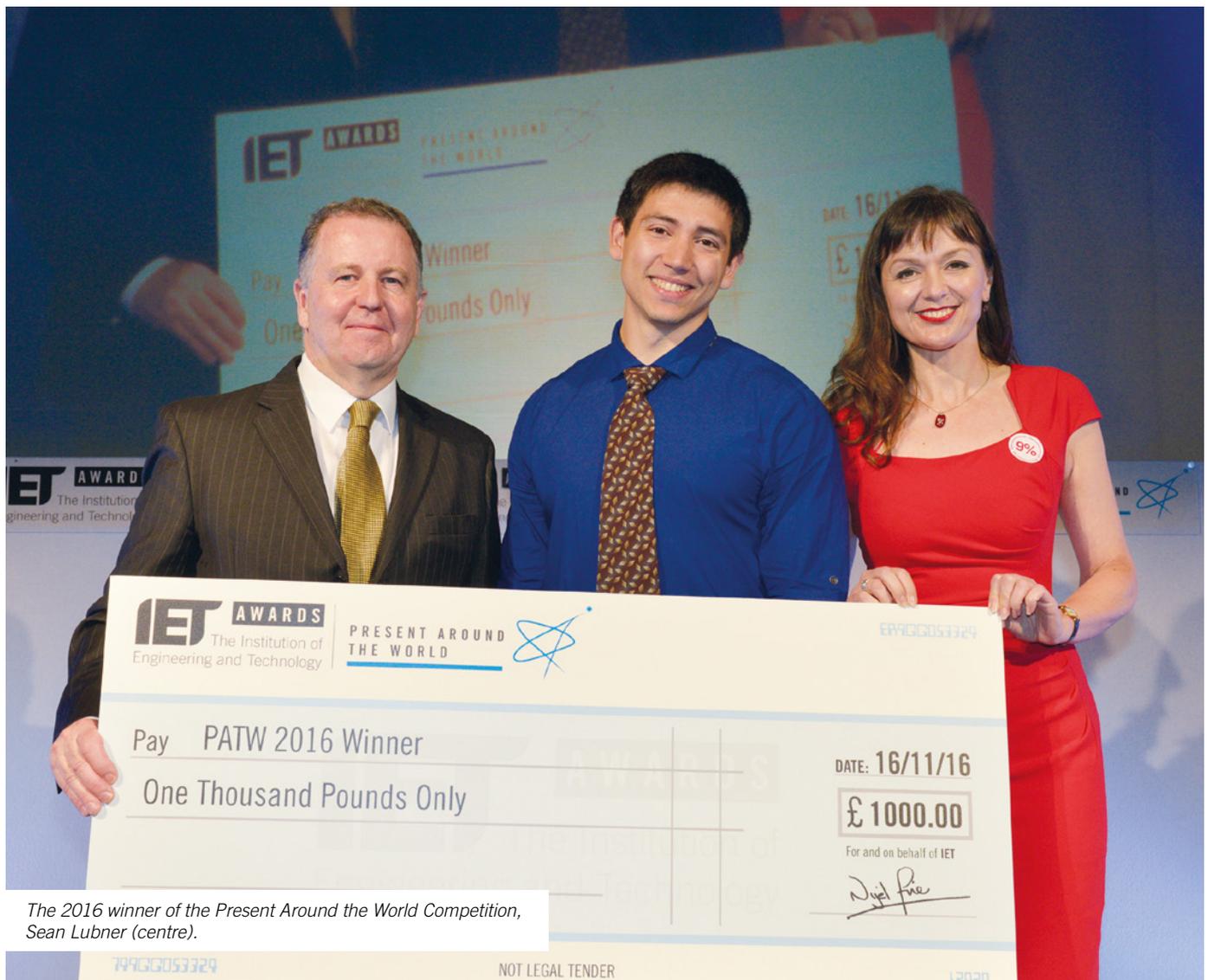
The IET's Present Around the World competition was a success in 2016, with more than 600 competitors in China alone.

The overall 2016 winner was announced at a ceremony in London as Sean Lubner, a postdoctoral researcher at the Lawrence Berkeley National Lab, for his presentation on passive daylight cooling and clean water generation using nanotechnology.

In 2017, the IET will look to expand the number of international competitions to 110. The competitions give young professionals and students within engineering a high profile opportunity to develop and showcase their presentation skills.

In 2017, the IET will drive awareness of a new Electrician EngTech Recognised Standard with electricians and employers. This is intended to establish clear recognition of individual professionalism in this area.

In China, the IET is working closely with the China Association of the International Exchange of Personnel to promote an IET professional registration pilot scheme for Chinese engineers. The pilot will launch in 2017.



The 2016 winner of the Present Around the World Competition, Sean Lubner (centre).

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.

This metric guides the Institution to focus on gaining positive coverage for its key messages and themes in quality, targeted media. Introduced in 2015, it also allows us to effectively measure our global public relations 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	2016 target	2016 outcome
Quality Coverage	8,200	7,883

Other key initiatives in this area for 2016 were:

- To produce a report examining public opinion regarding future technologies, entitled *Tech Savvy*
- To partner with the BBC on its Make it Digital initiative, which aimed to inspire the next generation of engineers and technologists.



What we achieved

The IET was unable to fully meet its Quality Coverage target of 8,200, with a global score of 7,883 achieved. This was due to the global media landscape being dominated by political coverage, with the UK's EU Referendum and the US election diverting media attention away from vital engineering and technology issues.

However, a number of hard-hitting campaigns were undertaken by the IET to ensure that our positive messages permeated through to the government, industry, academia and society. One such campaign, Engineering Work Experience for All, aimed to bring together all parties to create first class engineering work experience opportunities with a view to helping to reduce the skills gap and boost jobs in engineering.

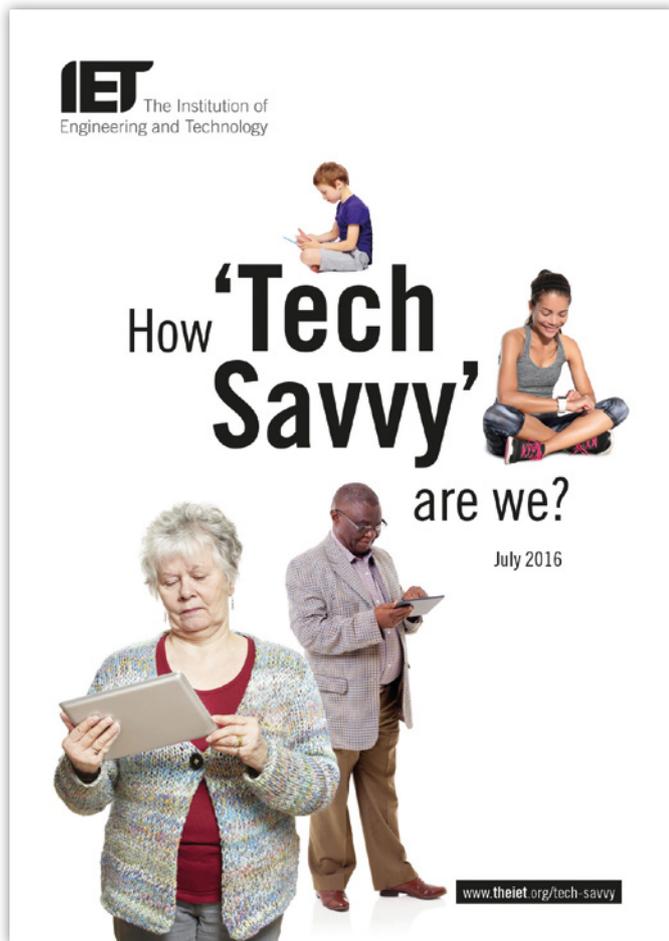
Engineering a future outside the EU

In response to political developments in the UK, the IET has worked hard to ensure that the voice of engineering was heard by policymakers during the year.

- Before the UK's EU Referendum the IET published a report entitled 'The Risks to Engineering' in April 2016
- Following the referendum, we worked with an alliance of the country's professional engineering institutions, including the Royal Academy of Engineering, to produce a document aimed at influencing senior policymakers as they formed their position on the UK's exit from the EU and securing the best outcomes for the UK's Engineering community. It drew on a wide-ranging consultation with engineers from all corners of the profession, representing over 450,000 engineers.

Tech Savvy

The IET commissioned quantitative and qualitative research to measure UK consumers' current awareness and understanding of the latest technologies – and to assess barriers to the acceptance of possible future technologies. Surveys were held with a broadly nationally representative sample of the UK population during the year, finding that the majority of UK consumers believe that technology is having a positive impact on their day-to-day lives, but that a disconnection may be forming between the technology that is being developed and what the public actually wants. The full report was launched in June 2016 and is available via the IET's website.



Make it Digital

The IET was heavily involved in the launch and support of the BBC's Micro:bit; a single-board computer that was provided free of charge to every 12-year-old pupil in the UK, with the aim of encouraging coding and technical creativity amongst a new generation of young people.

The IET developed a Faraday Challenge season involving the device, which included both teacher training and regional, family-based events.

The IET also became one of the founding partners of the Micro:bit Educational Foundation, alongside ARM, Microsoft, Samsung and Nominet. The Foundation will ensure ongoing support for the initiative.

In addition to these achievements, the IET:

- Held our second family and child orientated 'Engineering Open House Day', which allowed members of the public to take part in behind-the-scenes tours of some of the UK's highest profile venues, including Tower Bridge, the headquarters of the BBC and the Crossrail site, to learn more about the important role that engineering and technology plays in the day-to-day operation of the facilities
- In India, the IET's Internet of Things policy panel produced a number of influential white papers and events on the subject
- Developed a Horizontal Innovation themed research and development programme in partnership with the UK Manufacturing Technology Centre. The scheme is aimed at small and medium sized organisations and awarded £35,000 of funding to organisations whose innovations could have practical applications beyond the sector they were initially developed for.



Future Power Systems Architecture

The IET worked with the UK's Energy Systems Catapult to launch a Department of Energy and Climate Change commissioned project into potential power system architectures. The project brought together leading experts and members of the IET's volunteer network and produced a series of recommendations on the subject, which focused on addressing the challenges faced by the UK power network: decarbonisation, security of supply and affordability.

Horizon Innovation awarded
£35,000
funding to organisations

Our plans for 2017

- Following consultation with our members, we will call on employers, universities and policymakers to collaborate with the aim of improving the range of quality work experience available to engineering students. As part of the campaign, the IET will showcase the best practice work experiences available and create a forum to help engineering employers create and advertise creative, practical and engaging work experience opportunities
- Following the IET's Internet of Things India Congress in 2016, a new online strategy will be developed to ensure that engineers and technologists around the globe can benefit from – and participate in – IET-led developments in this area
- 2017 will see the 40th Anniversary of the IET's high profile Young Woman Engineer of the Year competition – a PR campaign will highlight the great strides that the competition has made in promoting gender equality in the engineering profession
- A pilot programme for a 16 years and over World Robot Olympiad will be trialled in partnership with the Science Museum Group
- The IET will deliver its 2017 Faraday programme in collaboration with the 1851 Trust and will continue to utilise the BBC; Micro:bit
- The IET's Education team will also support the development of an IET Faraday programme specific to India.

Plans for future periods

The IET's objectives remain strongly relevant as society becomes increasingly dependent on the impacts of science, engineering and technology. The IET will therefore continue to use its strategic framework to guide the organisation's development in the future.

The IET will seek to contribute to the development of interdisciplinary approaches to engineering and be a source of inspiration about the impact of engineering and technology. These objectives will be supported by working with other organisations who have similar objectives.

The pace of change in technology requires individuals to continuously update their knowledge. The IET will seek to uphold professional standards and is undertaking several initiatives to increase professionalism and the commitment to learning, including development of the qualifications portfolio, the online Academy and monitoring of Continuing Professional Development.

The IET is a trusted source of knowledge and expertise and as information volumes and types continue to increase, the IET recognises the need for researchers in particular to accurately and quickly identify relevant and reliable information. The IET is therefore embarking on a programme to renew the Inspec database service to enrich data within research content and identify relationships between content. This is expected to result in improved discovery tools being made available in the coming years.

Specific plans for activities in 2017 are included under the preceding Achievement and Performance headings.



IET Winners: Left to right, Gemma Dalziel – Mary George Memorial Prize, Jenni Sidey, Young Woman Engineer of 2016, Bethan Murray, Women's Engineering Society 2016 Prize winner

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.

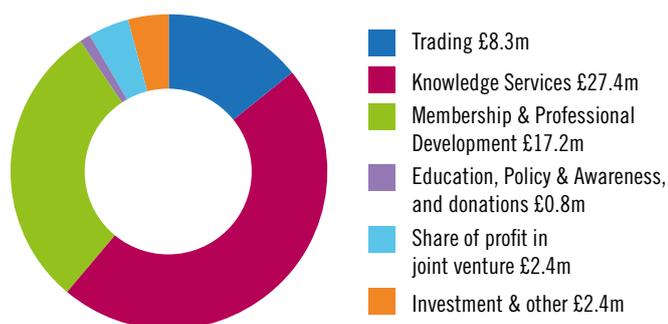
To achieve its objectives the IET needs to provide its services over the long-term and therefore aims to achieve a sustainable balance of income-generating and net-cost activities over its financial cycle. Given the IET's exposure to highly competitive and relatively mature publishing markets, the Institution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

Operational budgets are one of the IET's strategic KPIs and this KPI was achieved in 2016.

Financial outcomes in 2016

Group income generated in 2016 amounted to £58.5m, split as shown below (2015: £54.3m). Consolidated net income for the year was £15.7m (2015: net income of £3.9m) before the remeasurement of the defined benefit pension schemes. The activities undertaken in the year were carried out within the framework of budgetary control approved by the Trustees and all the incoming resources of the charity alone have been deployed on charitable activities or retained in the charity's reserves (see Note 16).

Fig.1: 2016 Income analysis

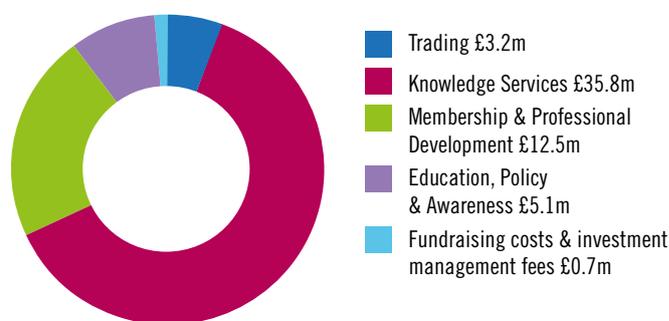


Membership & Professional Development income grew by 4% year-on-year, and marginally exceeded expectations, driven by buoyancy in membership numbers and accreditation activities. Total membership grew by 1.2%, with the UK region remaining stable. Membership numbers in India and China demonstrated some growth, but going forward attention in India will focus on activities that have an impact on competency and skills, together with extending the IET's influence in relation to technology innovation and problem solving in areas of high public importance.

Efforts in China continue to emphasise forming close relationships with academic institutions generating high quality journal content. Engagement with employers – particularly small and medium enterprises – in tandem with the IET's approach towards career stages, continued professional development and registration are expected to support membership growth going forward.

Within Knowledge Services, income decreased 5% compared to 2015, which is explained predominantly by 2016 being the second year of the 3rd Amendment of the 17th Edition IET Wiring Regulations (BS7671) sales cycle: the publication date was January 2015. Academic Publishing revenues were broadly flat compared to 2015 (at constant exchange rates). With significant US dollar denominated sales, the IET also benefitted from the second half slump in sterling.

Fig.2: 2016 Expenditure analysis



Expenditure on Charitable Activities continued to receive close attention. Operating expenditure grew modestly year-on-year and investment in back-office systems and other infrastructure projects were in line with expectations. The IET continues to seek improvements in processes and resource allocation to permit sustainable enhancement and extension of its activities.

Trading activities

The proposed payments to the IET by its UK trading subsidiaries undertaking activity to raise funds for its charitable purposes are £3.3m (2015: £1.9m).

IET Services Limited undertakes professional magazine production and on-line recruitment advertising activities, as well as operating the rental of surplus IET accommodation and undertaking some of the group's event management. Its results for 2016 were enhanced by a full year of activity at Savoy Place, whereas it was closed for most of 2015.

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; 34% of IBC's income and related expenditure are included in IEECL's accounts (as per Note 2). IEECL's share of the profits for the year was £2.4m (2015: £1.9m).

Balance sheet and cash flow

The IET's Group reserves and net assets increased in the year by £2.1m (2015: increase of £6.5m). The more significant movements during the year were as follows:

- There were realised and unrealised gains in non-property investments in the year of £15.1m (2015: gains of £0.3m)
- The Savoy Hill House investment property was valued at £21.4m at 31 December 2016 resulting in an investment loss of £0.7m (2015: gain of £1.9m)
- 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 losses of £13.6m during the year (2015: remeasurement gains of £2.6m).

Additional contributions totalling £1.4m were made to the two defined benefit pension schemes during the year (2015: £1.7m).

Reserves

Total charity funds at the end of the reporting period were £155.5m (2015: £153.6m). 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 £13.1m (2015: £11.5m).

Within the **unrestricted funds** the Trustees have earmarked **designated funds** for specific purposes. These include fixed assets reserves of £35.7m which could only be realised by disposal of the IET's operational buildings and associated assets, and further amounts of £11.3m 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 2016 was £93.3m (2015: £82.0m). 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

	2016 £m Lower range	2016 £m Upper range	2015 £m Lower range	2015 £m Upper range
Operations contingency	25.4	25.4	25.9	25.9
Revaluation contingency	9.9	9.9	8.3	8.3
Pensions deficit (technical basis)	25.1		12.0	
Pensions deficit (gilts-funding basis)		47.3		31.0
Target range for reserves	60.4	82.6	46.2	65.2
Actual reserves	93.3		82.0	
Reserves coverage	154%	113%	177%	126%

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

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

Investment policy

The Trustees' general powers of investment derive from (and are restricted by) the Trustee Act 2000. These powers are not restricted by the IET's Royal Charter, which states under clause 4:

"4. For the purpose of attaining the aforesaid objects the IET shall, subject to this Our Charter and the Bye-laws, have powers to do any act or thing and to administer the affairs and deal with the assets of the IET in all respects without any restrictions whatsoever and, in particular, (but without limitation):

(d) to invest any monies of the IET, not immediately required for any of its objects, in such a manner as may from time to time be determined, subject nevertheless to such conditions (if any) and such consents (if any) as may for the time being be imposed or required by law and subject also as hereinafter provided;"

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

The Finance and Investment Committee takes professional investment advice in developing the investment strategy and ensures that the investments of the IET held against the reserve funds and the trust funds are managed on behalf of the Board of Trustees in accordance with legislation and good practice. All divestment transactions are approved by two authorised signatories prior to being transacted.

The Institution's non-property investment portfolio is managed 100% by BlackRock, who produce quarterly performance reports which are reviewed at every meeting by the Finance and Investment Committee. The Institution's investment property is valued annually.

The IET's non-property investment portfolio comprises both Passive Investment Funds that track given indices and Actively Managed Funds. Policies are in place for the selection and monitoring of Investment Managers for both these types of funds and Investment Managers for Actively Managed Funds are required to report annually to the Finance and Investment Committee.

The Institution's investment custodian is Bank of New York Mellon.

Risk is managed at an overall level by diversifying the investment portfolio between different asset classes and geographic markets, which have been agreed with the investment manager together with maximum ranges for these allocations. The IET's current investment strategy is aimed at providing medium-long term real growth with appropriate management of risk, optimising returns on the assets set aside to cover pension scheme liabilities, and delivering greater sustainable income over the long term for restricted funds. To deliver this strategy, the IET is rebalancing its portfolio of investments to the following target percentages, and will review the position once these targets have been reached:

Strategic asset allocations	%
Global Equities	50
Diversified Growth Fund	25
Index-linked Gilts	12.5
Unconstrained Bonds	12.5
Total	100

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

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 2016, the value of the floating charge was £10m (2015: £10m).

Investment performance

The Committee monitors investment performance of equities and bonds against relevant benchmark indices and actual performance against those indices was met during the year for all managed funds. Total investment gains and income from the BlackRock managed non-property investment portfolio during the year was £16.5m (2015: £1.7m).

The BlackRock Dynamic Diversified Growth Fund is measured against the fund objective of 3m LIBOR +3% over a rolling three-year period. Its average annual performance over the three years 2014-2016 was LIBOR +1%. In 2016 equities (particularly in Europe) and tactical currency positions detracted from performance towards the start of the year, while corporate bond weakness following the US presidential election also detracted.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The IET was founded in 1871 and incorporated by Royal Charter in 1921. The current Royal Charter of the IET was allowed by the Privy Council on 14 November 2007 and came into effect from 1 January 2008; the current Bye-laws were approved by the Privy Council on 27 September 2016 and came into effect on 1 October 2016.

Also from 1 October 2016, changes to the Council Regulations came into effect, changing the structure of Council, decreasing its size, introducing a number of appointed members, and placing members of Council onto the IET's three Main Boards.

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:

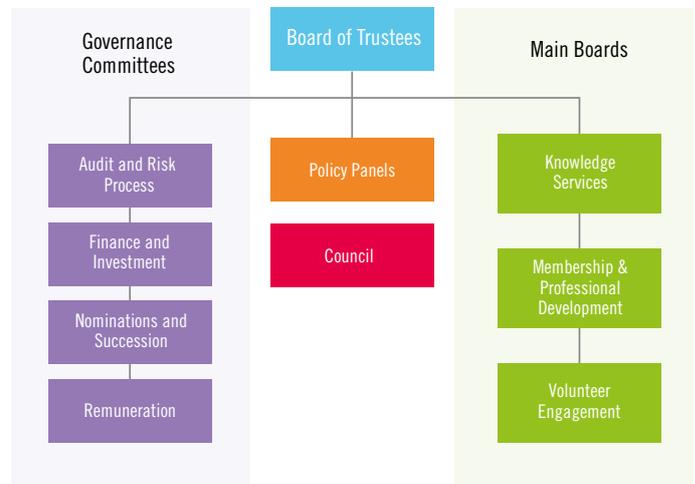
- Investment strategy
- Final report on the Savoy Place project
- Publication of a position paper about the Referendum on continued membership of the EU
- Creation of the Volunteer Engagement Board
- The business case and funding request for the IET Academy
- Customer relationship management and sales order processing
- Regulations on Creating or Closing Communities
- Amendment to the Terms and Conditions of Membership
- 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.

Fig.3: 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 nominated by 10 or more members. The President and Deputy President are appointed by the Board of Trustees.

All new Trustees are provided with an Induction Pack, including relevant Charity Commission publications, which outlines the responsibilities and role of a Trustee and provides key information about the organisation and its management.

Trustees are invited to attend orientation meetings with the President and senior staff and are asked to attend an induction seminar delivered by an external expert. They have access to the services of the Governance Department, which maintains a training log and provides information and support as required.

Membership

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

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

Decision-making

Trustee roles	Appointed (from 1 October)	Retired (from 30 September)	Attendance (actual/potential)	Other governance roles
Ms F Azirar	2014		6/7	
Mr A R Bevington (Vice President)	2016		1/2	
Dr P W Bonfield (Vice President)	2013		9/9	Membership and Professional Development Board (Chair) Nominations and Succession Committee (from 1 Oct)
Mr M D Carr (Deputy President)	2016		0/2	Audit and Risk Process Committee (Chair from 1 Oct) Finance and Investment Committee (from 1 Oct) Knowledge Services Board (from 1 Oct) Remuneration Committee (from 1 Oct) Volunteer Engagement Board (from 1 Oct)
Ms N W Climer	2010		7/7	Nominations and Succession Committee Remuneration Committee
Professor R A Cryan (Vice President)	2015		5/7	Knowledge Services Board (Chair from 1 Oct) Nominations and Succession Committee (from 1 Oct)
Miss A K Delahunty	2013	2016	2/5	
Mr D W A East (Vice President)	2014		2/7	
Dr W D Evans (Vice President)	2014	2016	4/5	Knowledge Services Board (Chair until 30 Sep)
Dr A C Harter	2014		6/7	Nominations and Succession Committee
Eur Ing T T Hlaing (Honorary Treasurer)	2015		6/7	Audit and Risk Process Committee (from 1 Oct) Finance and Investment Committee (from 1 Oct) Knowledge Services Board (from 1 Oct) Membership and Professional Development Board (from 1 Oct) Remuneration Committee (from 1 Oct) Volunteer Engagement Board (from 1 Oct)
Eur Ing G N Hobbs	2015		2/7	Audit and Risk Process Committee Finance and Investment Committee Nominations and Succession Committee
Mrs V M Hodge (Vice President)	2016		2/2	Volunteer Engagement Board (Chair from 1 Oct) Nominations and Succession Committee (from 1 Oct)
Professor J A Noble	2016		2/2	
Professor W J Stewart (Vice President)	2014		7/7	Audit and Risk Process Committee Finance and Investment Committee
Mr N Ward	2014	2016	5/5	Audit and Risk Process Committee (until 30 Sep) Finance and Investment Committee (until 30 Sep) Knowledge Services Board (until 30 Sep) Membership and Professional Development Board (until 30 Sep) Remuneration Committee
Professor J D M Watson (President)	2011		7/7	Audit and Risk Process Committee (Chair until 30 Sep) Finance and Investment Committee (until 30 Sep) Membership and Professional Development Board (until 30 Sep) Nominations and Succession Committee Remuneration Committee (Chair)
Mr N P Winser (Deputy President)	2013		6/7	Audit and Risk Process Committee Finance and Investment Committee (Chair) Knowledge Services Board (until 30 Sep) Membership and Professional Development Board (from 1 Oct) Nominations and Succession Committee (from 1 Oct) Remuneration Committee
Eur Ing Dr C K J Wong	2015	2016	3/5	
Air Marshal J A Young	2016		2/2	

The Trustees have approved and put in place formal Delegations of Authority, which are accessible to all staff within the IET. The Royal Charter and Bye-laws require certain decisions to be taken by the IET in General Meeting.

Within these constraints it is the policy of the Board of Trustees that authority shall be delegated to the greatest extent compatible with the Trustees' overall direction and control of the IET and to the point in the IET where it can be exercised most effectively. The Trustees retain responsibility for all acts taken under these delegated responsibilities.

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

The Trustees also ensure strong communications with key Boards and Committees through committee membership as follows:

Effectiveness reviews

The Main Boards and Committees of the IET complete an annual exercise to identify skills gaps and assess the effectiveness of the relevant board or committee. Periodically, the IET also commissions an external organisation to review the effectiveness of the Institution's governance arrangements and the most recent review was conducted in 2015 by Grant Thornton, following which an action plan was agreed in April 2016.

A Special General Meeting was held on 11 February 2016 to consider a set of proposals for Bye-law and Regulation changes called 'Governance for the Future'. The proposals were approved by a large majority, with more than 91% in favour. The Bye-law changes were approved by the Privy Council on 27 September 2016 and came into effect from 1 October 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 and Risk Process Committee, as well as the Main Boards and Committees, which monitor certain strategic risks as delegated by the Board of Trustees.

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

In October 2015, the Trustees approved a Risk Strategy which outlines the IET's approach to managing risk. Enhancements to support the strategy were 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 strategic risks and uncertainties faced by the IET in 2016 are shown in the table overleaf.

Strategic risk	Principal mitigations
Threats to the level of publishing revenues	The IET's financial model depends on contributions generated from mature publishing products. Mitigations include close management of strategic partnerships, product development and new product initiatives.
Adequate project management capabilities for effective development	Standard project methodologies (including Agile) supported by structured Project Office procedures and Executive monitoring. Qualified project managers are used for key projects.
Maintaining systems integrity and information security	Appropriate information policies and procedures have been put in place and these are subject to both internal review and external testing. Incident management and business continuity procedures are also in place.
Adverse trends in member demographics	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 activities remain financially sustainable	The IET has adopted a financial framework to structure budgeting. Mitigations include activity portfolio management and sound procurement practices.
Ensuring compliance with international legislation	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 defined benefit pension liabilities	The scheme has previously been closed to accrual. Risk reduction and funding approaches have been agreed with scheme trustees. These are supported by IET's own Reserve and investment policies.
Protecting the intangible value of business asset	Scanning for trends and threats to business value together with appropriate development of existing products to maintain relevance.
Liabilities and reputational risk resulting from expert opinion	Use of suitably qualified staff together with robust editing and checking procedures.
Management of reserves 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.
Protecting assets from financial fraud	Policies and procedures are designed to prevent and detect fraud. This is supported by organisational culture and periodic internal audit.

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

Related parties and collaboration with other charities

The IET owns 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 Engineering UK. Cooperation includes the development of common standards, shared products, activities and promotional materials.

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

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

Related party transactions are detailed in Note 15.

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 IET members support the work of the IET Benevolent Fund (IET Connect). In 2010, the IET became a patron of disaster relief charity RedR. RedR works on an international level to improve the effectiveness of disaster relief, by delivering essential training and support to relief organisations and their staff, and by providing skilled professionals to humanitarian programmes.

Each year the staff also select charities for their own fundraising activity, which for 2016 were:

- Crossroads Care
- Macmillan Cancer Support
- The North Hertfordshire Sanctuary for the Homeless
- The Retired Greyhound Trust
- The Willow Foundation
- Stevenage Sea Cadets.

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, was assessed against the 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.

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 provision of recycling facilities. New condensing boilers were also fitted in Austin Court and have significantly improved heating efficiency.

Anti-slavery

The Modern Slavery Act 2015 requires UK organisations with an annual turnover of £36m or more to report on the steps they are taking to ensure that modern slavery is not taking place in its supply chains, and published with a link to the home page on its website. This includes the IET.

In 2016, the IET approved an Anti-Slavery Policy, and undertook a risk assessment to identify areas of its supply chain which might be susceptible to slavery or human trafficking. The risk assessment considered both geographic and sector risk. It identified that as regards its operations and supply chains, catering and other services at its venues represented a risk, as did the use of certain outsourced services in India. The IET requested the relevant suppliers to confirm the measures they had in place to combat slavery and human trafficking. Contracts with significant new suppliers, or new suppliers in sectors or countries where the risk of slavery is higher, include clauses regarding anti-slavery measures.

The IET recognises the need to assess the risks of slavery or human trafficking. The IET also recognises that there may be gaps in visibility of supply chains and limitations in the tools used to identify risks. Addressing these is a complex task and therefore will take time and training to develop an effective framework.

To date, the IET has not found any instances of modern slavery in its operations or supply chain.

Reference and administrative information

This information is included on page 67.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

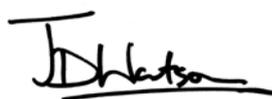
The law applicable to charities in England and Wales and in Scotland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the group and of the incoming resources and application of resources of the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

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

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

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

The Trustees' Report on pages 6 to 31 was approved by the Trustees on 20 March 2017 and signed on their behalf by:



Professor J D M Watson CBE FREng MSc DPhil CEng FIET FRSA FICE, 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 2016 which comprise the Consolidated and Parent Statements of Financial Activities, the Consolidated and Parent Charity Balance Sheets, the Consolidated and Parent Cash Flow Statements and the related notes. 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).

This report is made solely to the charity's trustees, as a body, in accordance with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 144 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 Financial Reporting Council's (FRC'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 the parent charity's affairs as at 31 December 2016 and of the group's and parent charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

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

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

BDO LLP
Statutory Auditor
Gatwick
United Kingdom
Date: 23 March 2017

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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

BDO LLP

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2016

	Notes	Unrestricted Funds 2016 £000	Restricted and Endowment Funds 2016 £000	Total Funds 2016 £000	Unrestricted Funds 2015 £000	Restricted and Endowment Funds 2015 £000	Total Funds 2015 £000
INCOME AND ENDOWMENTS FROM:							
Donations and legacies		64	363	427	297	343	640
Trading activities	2	8,258	-	8,258	3,686	-	3,686
Investment and other income	3	2,188	176	2,364	2,151	160	2,311
Charitable Activities							
Education, policy & awareness		337	-	337	300	-	300
Knowledge services		27,429	-	27,429	28,970	-	28,970
Membership & professional development		17,194	-	17,194	16,519	-	16,519
Share of profit in joint ventures	2	2,444	-	2,444	1,873	-	1,873
Total		57,914	539	58,453	53,796	503	54,299
EXPENDITURE ON:							
Raising funds							
Fundraising costs		309	-	309	350	-	350
Trading activities		3,152	-	3,152	1,876	-	1,876
Investment management fees		345	35	380	303	33	336
Charitable Activities							
Education, policy & awareness		4,205	870	5,075	4,496	752	5,248
Knowledge services		35,764	-	35,764	32,808	-	32,808
Membership & professional development		12,494	-	12,494	12,007	-	12,007
Total	5	56,269	905	57,174	51,840	785	52,625
Net gains/(losses) on investments	9	12,442	1,958	14,400	2,273	(55)	2,218
Net income/(expenditure)		14,087	1,592	15,679	4,229	(337)	3,892
Transfers between funds	16	-	-	-	1,152	(1,152)	-
		14,087	1,592	15,679	5,381	(1,489)	3,892
Other recognised (losses)/gains:							
Remeasurements of net defined benefit pension schemes	17	(13,590)	-	(13,590)	2,621	-	2,621
Net movement in funds		497	1,592	2,089	8,002	(1,489)	6,513
Reconciliation of funds:							
Total funds brought forward		142,429	11,490	153,919	134,427	12,979	147,406
Total funds carried forward	16	142,926	13,082	156,008	142,429	11,490	153,919

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 2016

	Notes	Unrestricted Funds 2016 £000	Restricted and Endowment Funds 2016 £000	Total Funds 2016 £000	Unrestricted Funds 2015 £000	Restricted and Endowment Funds 2015 £000	Total Funds 2015 £000
INCOME AND ENDOWMENTS FROM:							
Donations and legacies							
Gift Aid payable to the IET	2	3,339	-	3,339	1,875	-	1,875
Other donations and legacies		64	363	427	297	343	640
Investment and other income	3	6,286	176	6,462	3,899	160	4,059
Charitable Activities							
Education, policy & awareness		337	-	337	300	-	300
Knowledge services		27,297	-	27,297	28,655	-	28,655
Membership & professional development		17,048	-	17,048	16,331	-	16,331
Total		54,371	539	54,910	51,357	503	51,860
EXPENDITURE ON:							
Raising funds							
Fundraising costs		309	-	309	350	-	350
Investment management fees		345	35	380	303	33	336
Charitable Activities							
Education, policy & awareness		4,205	870	5,075	4,496	752	5,248
Knowledge services		35,611	-	35,611	32,598	-	32,598
Membership & professional development		12,463	-	12,463	11,947	-	11,947
Total	5	52,933	905	53,838	49,694	785	50,479
Net gains/(losses) on investments	9	12,442	1,958	14,400	2,273	(55)	2,218
Net income/(expenditure)		13,880	1,592	15,472	3,936	(337)	3,599
Transfers between funds	16	-	-	-	1,152	(1,152)	-
		13,880	1,592	15,472	5,088	(1,489)	3,599
Other recognised gains/(losses):							
Remeasurements of net defined benefit pension schemes	17	(13,590)	-	(13,590)	2,621	-	2,621
Net movement in funds		290	1,592	1,882	7,709	(1,489)	6,220
Reconciliation of funds:							
Total funds brought forward		142,085	11,490	153,575	134,376	12,979	147,355
Total funds carried forward	16	142,375	13,082	155,457	142,085	11,490	153,575

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.

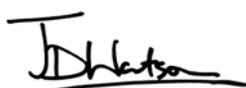
CONSOLIDATED AND IET BALANCE SHEETS

for the year ended 31 December 2016

	Notes	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Fixed assets					
Intangible assets	7	16	111	326	407
Tangible assets	8	35,748	35,309	35,737	35,296
Investments	9	134,476	118,814	134,422	118,842
Total fixed assets		170,240	154,234	170,485	154,545
Current assets					
Stocks and work in progress	10	295	396	292	387
Debtors	11	9,576	9,267	9,607	9,453
Short term cash investments	9	1,701	4,357	1,701	4,357
Cash at bank and in hand		5,218	4,669	2,321	3,373
Total current assets		16,790	18,689	13,921	17,570
Liabilities					
Creditors: amounts falling due within one year	12	(19,130)	(19,472)	(17,186)	(19,057)
Net current liabilities		(2,340)	(783)	(3,265)	(1,487)
Total assets less current liabilities		167,900	153,451	167,220	153,058
Creditors: Amounts falling due after more than one year	13	(3,440)	(3,152)	(3,311)	(3,103)
Net assets excluding pension liability		164,460	150,299	163,909	149,955
Defined benefit pension scheme asset/(liability)	17	(8,452)	3,620	(8,452)	3,620
Total net assets		156,008	153,919	155,457	153,575
FUNDS					
Endowment funds		12,957	11,438	12,957	11,438
Restricted income funds		125	52	125	52
Restricted funds		13,082	11,490	13,082	11,490
Unrestricted funds	16	137,205	124,036	136,654	123,692
Revaluation reserve	16	14,173	14,773	14,173	14,773
General funds		151,378	138,809	150,827	138,465
Pension reserve	17	(8,452)	3,620	(8,452)	3,620
Total funds	16	156,008	153,919	155,457	153,575

The notes on pages 38-66 form part of these financial statements.

Approved and authorised for issue by the Trustees on 20 March 2017 and signed on their behalf by:



Professor J D M Watson CBE FREng MSc DPhil CEng FIET FRSA FICE,
President



Eur Ing T T Hlaing MEng CEng MIET,
Honorary Treasurer

STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Cash flows from operating activities:				
Net cash (used in) operating activities	(2,860)	(1,744)	(5,439)	(1,164)
Cash flows from investing activities:				
Interest received	50	84	49	84
Adjustment to carrying value of joint venture	(82)	217	-	-
Rent received	861	860	861	860
Share of profit in joint ventures	2,444	1,873	-	-
Gift Aid payable to the IET	-	-	3,339	1,875
Income from non-property investments	1,362	1,355	1,362	1,355
Investment management fees	(380)	(336)	(380)	(336)
Purchase of tangible fixed assets	(2,229)	(16,194)	(2,227)	(16,194)
Purchase of investments	(39,766)	(1,431)	(39,766)	(1,431)
Acquisition of business from subsidiary	-	-	-	(407)
Sale of investments	38,586	14,000	38,586	14,000
Net cash provided by/(used in) investing activities	846	428	1,824	(194)
Cash flows from financing activities:				
Finance lease repayments	(93)	(97)	(93)	(97)
Net cash (used in) financing activities	(93)	(97)	(93)	(97)
Change in cash and cash equivalents in the year	(2,107)	(1,413)	(3,708)	(1,455)
Cash and cash equivalents at 1 January	9,026	10,439	7,730	9,185
Cash and cash equivalents at 31 December	6,919	9,026	4,022	7,730

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Net income/(expenditure)	15,679	3,892	15,472	3,599
Depreciation and amounts written off in connection with assets no longer in use	1,790	369	1,786	367
Goodwill amortisation	95	95	81	-
Net gains on investments	(14,400)	(2,218)	(14,400)	(2,218)
Decrease/(increase) in stocks	101	(110)	95	(222)
(Increase)/decrease in debtors	(309)	157	(154)	1,101
Increase/(decrease) in creditors	39	1,517	(1,570)	1,657
Add back of non-cash FRS 102 charge in respect of defined benefit schemes	(129)	106	(129)	106
Contributions paid to defined benefit schemes	(1,389)	(1,716)	(1,389)	(1,716)
Interest received	(50)	(84)	(49)	(84)
Share of profit in joint ventures	(2,444)	(1,873)	-	-
Rent received	(861)	(860)	(861)	(860)
Gift Aid payable to the IET	-	-	(3,339)	(1,875)
Income from non-property investments	(1,362)	(1,355)	(1,362)	(1,355)
Investment management fees	380	336	380	336
Net cash (used in) operating activities	(2,860)	(1,744)	(5,439)	(1,164)
Analysis of cash and cash equivalents				
	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Short term cash investments	1,701	4,357	1,701	4,357
Cash at bank and in hand	5,218	4,669	2,321	3,373
	6,919	9,026	4,022	7,730

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

1. ACCOUNTING POLICIES

Basis of preparation

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

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

Preparation of the accounts on a going concern basis

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

Key judgments and assumptions

The most significant areas of judgment and assumption that affect items in the accounts include the actuarial assumptions which underpin the Pension Scheme Liability (see Note 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.

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

The IET is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, the IET is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Grants payable

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

Goodwill

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

Goodwill 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:

Mechanical and Electrical Installations
Straight-line over 15 years

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 fair value, being the quoted bid price. Realised and unrealised gains/losses are recognised in full in the SoFA. Investment income is accounted for when receivable, with account taken of the tax credit at the time of receipt of the net income.

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

Investments in subsidiary undertakings are accounted for at historic cost.

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

Stocks and work in progress

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

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Financial instruments

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

Cash at bank and in hand

Cash at bank and in hand includes deposits which can be withdrawn within 24 hours without penalty and short term deposits which have a maturity period of 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.

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 "Other recognised gains/(losses)" category of the SoFA under the heading "Remeasurements of net defined benefit pension schemes". The provisions of "FRS 102–Employee Benefits" have been fully complied with and the relevant disclosures are made in Note 17. Contributions to defined contribution schemes are charged in the SoFA in the year they are due.

Defined benefit plans

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

Asset/liability

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

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

Gains/losses

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

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

Irrecoverable VAT

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

2. TRADING ACTIVITIES AND SUBSIDIARIES

The Group's financial statements incorporate all of the IET's wholly owned subsidiary companies. During 2016 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 2016 £000	IETSL 2015 £000	IEECL 2016 £000	IEECL 2015 £000
Turnover – external	8,258	3,686	-	-
Turnover – intercompany	3,739	2,935	-	-
Turnover – total	11,997	6,621	-	-
Share of Joint Venture profits	-	-	2,460	1,881
Cost of sales	(9,983)	(5,627)	-	-
Gross Profit/(Loss)	2,014	994	2,460	1,881
Distribution costs	(1,011)	(897)	-	-
Administration expenses	(57)	(70)	(3)	(7)
Operating Profit/(Loss)	946	27	2,457	1,874
Net interest payable and similar charges	(35)	(10)	-	-
Profit on Ordinary Activities before Tax	911	17	2,457	1,874
Tax on ordinary activities	(16)	(15)	(13)	(1)
Profit for the Financial Year	895	2	2,444	1,873
Statement of Changes in Equity:				
Balance at 1 January	94	94	116	131
Profit for the Financial Year	895	2	2,444	1,873
Gift Aid payable to the IET	(895)	(2)	(2,444)	(1,888)
Balance at 31 December	94	94	116	116
Comprising - assets	3,054	1,517	885	802
- liabilities	(2,960)	(1,423)	(769)	(686)

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

2A. OTHER SUBSIDIARIES

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

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

Institution of Engineering and Technology (IET (India)), company registration number U80903KA2007NPL044461, is registered in Bangalore as a not-for-profit company incorporated under section 25 of the Indian Companies Act with charitable 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 out 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 2016 £000	Total 2015 £000
External income	609	-	210	-	64	883	811
Intragroup income	807	137	545	-	656	2,145	2,314
External expenditure	(937)	(130)	(591)	(4)	(760)	(2,422)	(2,566)
Intragroup expenditure	(426)	-	(88)	-	-	(514)	(324)
Funds retained by/(used by) the subsidiary	53	7	76	(4)	(40)	92	235
Net assets	452	161	259	34	545	1,451	1,170

3. INVESTMENT AND OTHER INCOME

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Income from equities	950	1,050	950	1,050
Income from bonds	412	305	412	305
Interest received on cash	50	84	49	84
Rent receivable	861	860	861	860
Other income - external	91	12	91	12
Other income received from subsidiary undertakings	-	-	4,099	1,748
	2,364	2,311	6,462	4,059

4. NET INCOME/(EXPENDITURE)

This is stated after charging:

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Depreciation	1,790	369	1,786	367
Foreign exchange (gains) arising on retranslation of foreign subsidiaries	(186)	(26)	-	-
Foreign exchange losses/(gains) arising on transactions	18	(92)	35	(90)
Payments under operating leases:				
- Land and buildings rents	582	656	394	480
- Other	32	37	28	33
Auditor's remuneration:				
- Statutory Audit (BDO LLP)	44	-	40	-
- Taxation (BDO LLP)	8	-	3	-
- Statutory Audit (RSM UK Audit LLP)	-	50	-	34
- Taxation (RSM Tax & Accounting Limited)	-	17	-	12
- Other services (RSM Tax & Accounting Limited)	-	47	-	47

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 2016 £000	Total 2015 £000
Charitable activities						
Education, policy & awareness	1,583	850	1,686	956	5,075	5,248
Knowledge services	7,655	-	16,308	11,801	35,764	32,808
Membership & professional development	4,048	-	1,936	6,510	12,494	12,007
Total charitable expenditure	13,286	850	19,930	19,267	53,333	50,063
Fundraising costs	111	-	24	174	309	350
Trading activities	2,607	128	417	-	3,152	1,876
Investment management fees	-	-	380	-	380	336
Total resources expended	16,004	978	20,751	19,441	57,174	52,625

IET

	Direct staff costs £000	Grant funding of activities £000	Other direct costs £000	Support costs (note 5a) £000	Total 2016 £000	Total 2015 £000
Charitable activities						
Education, policy & awareness	1,583	850	1,686	956	5,075	5,248
Knowledge sharing	7,655	-	16,155	11,801	35,611	32,598
Membership & professional development	4,048	-	1,905	6,510	12,463	11,947
Total charitable expenditure	13,286	850	19,746	19,267	53,149	49,793
Fundraising costs	111	-	24	174	309	350
Investment management fees	-	-	380	-	380	336
Total resources expended	13,397	850	20,150	19,441	53,838	50,479

5A. SUPPORT COSTS

Group and IET

	Finance & corporate £000	IT £000	Human resources £000	Property & offices £000	Governance £000	Total 2016 £000	Total 2015 £000
Fundraising costs	48	47	12	63	4	174	85
Charitable activities							
Education, policy & awareness	266	260	63	344	23	956	1,783
Knowledge sharing	3,287	3,212	784	4,240	278	11,801	9,452
Membership & professional development	1,813	1,772	433	2,339	153	6,510	2,503
Total charitable expenditure	5,414	5,291	1,292	6,986	458	19,441	13,823

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 2016 £000	Grants to individuals 2016 £000	Support costs 2016 £000	Total 2016 £000	Grant to institution 2015 £000	Grants to individuals 2015 £000	Support costs 2015 £000	Total 2015 £000
Education, policy & awareness								
Research	440	-	19	459	292	-	10	302
Scholarships, awards and prizes	-	510	2	512	-	368	-	368
Hardship and financial assistance	-	7	-	7	-	6	-	6
Total	440	517	21	978	292	374	10	676

	Grant to institution 2016 Number	Grants to individuals 2016 Number	Support costs 2016 Number	Total 2016 Number	Grant to institution 2015 Number	Grants to individuals 2015 Number	Support costs 2015 Number	Total 2015 Number
Education, policy & awareness								
Research	1	-	-	1	1	-	-	1
Scholarships, awards and prizes	-	158	-	158	-	74	-	74
Hardship and financial assistance	-	7	-	7	-	7	-	7
Total	1	165	-	166	1	81	-	82

5C. ANALYSIS OF GRANTS – CHARITY

	Grant to institution 2016 £000	Grants to individuals 2016 £000	Support costs 2016 £000	Total 2016 £000	Grant to institution 2015 £000	Grants to individuals 2015 £000	Support costs 2015 £000	Total 2015 £000
Education, policy & awareness								
Research	440	-	19	459	292	-	10	302
Scholarships, awards and prizes	-	382	2	384	-	301	-	301
Hardship and financial assistance	-	7	-	7	-	6	-	6
Total	440	389	21	850	292	307	10	609

	Grant to institution 2016 Number	Grants to individuals 2016 Number	Support costs 2016 Number	Total 2016 Number	Grant to institution 2015 Number	Grants to individuals 2015 Number	Support costs 2015 Number	Total 2015 Number
Education, policy & awareness								
Research	1	-	-	1	1	-	-	1
Scholarships, awards and prizes	-	125	-	125	-	56	-	56
Hardship and financial assistance	-	7	-	7	-	7	-	7
Total	1	132	-	133	1	63	-	64

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

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

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

The Grant to Institution during the year represents the IET's A F Harvey Engineering Research Prize, which was awarded through host organisation the Data Storage Institute. The host organisation in 2016 was the Queen Mary University of London.

6. EMPLOYEES

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

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Payroll costs:				
Salaries and overtime	20,387	18,504	17,955	16,204
Social Security	2,191	1,989	1,922	1,735
Pension and other benefits				
- defined benefit pension schemes	(129)	107	(129)	107
- defined contribution pension scheme	1,709	1,685	1,472	1,542
- other payments	372	564	363	473
Operating costs of defined benefit schemes	311	364	311	364
Termination payments	62	104	62	104
	24,903	23,317	21,956	20,529

The average monthly number of staff employed by the IET in the year was 512 (2015: 484) and by the Group was 584 (2015: 554), made up as follows:

	Group 2016 Number	Group 2015 Number	Charity 2016 Number	Charity 2015 Number
Charitable activities	545	518	509	481
Trading activities	36	33	-	-
Governance	3	3	3	3
	584	554	512	484

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

	Group 2016 Number	Group 2015 Number	Charity 2016 Number	Charity 2015 Number
£60,000 - £69,999	15	19	11	16
£70,000 - £79,999	11	12	10	10
£80,000 - £89,999	3	4	3	4
£90,000 - £99,999	2	2	1	1
£100,000 - £109,999	5	1	4	1
£110,000 - £119,999	-	-	-	-
£120,000 - £129,999	1	1	-	1
£130,000 - £139,999	1	-	1	-
£140,000 - £149,999	1	2	1	1
£150,000 - £159,999	1	3	1	2
£160,000 - £169,999	1	-	-	-
£170,000 - £179,999	1	-	1	-
£180,000 - £189,999	1	-	1	-
£190,000 - £199,999	1	-	-	-
£200,000 - £209,999	1	-	1	-
£340,000 - £349,999	-	1	-	1
£400,000 - £409,999	1	-	1	-

For the Group, seven of the above employees (2015: seven) and for the Charity six of the above employees (2015: seven) were deferred members of the defined benefit IET Superannuation & Assurance Scheme.

For the Group, 39 employees were members of the IET's defined contribution scheme (2015: 39). For the Group, pension payments

in respect of the relevant employees to the defined contribution scheme totalled £211,736 (2015: £214,147).

For the Charity, 33 employees were members of the IET's defined contribution scheme (2015: 35). For the Charity, pension payments in respect of the relevant employees to the defined contribution scheme totalled £182,419 (2015: £196,129).

6A. REMUNERATION AND BENEFITS RECEIVED BY KEY MANAGEMENT PERSONNEL

The figures for the year ended 31 December 2016 include amounts relating to the IET's Long Term Incentive Plan, which matured for the first time in the current year.

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 £1,320,688 (2015: £1,048,249). In addition, employer's national insurance contributions were £177,096 (2015: £130,815). Of these amounts £nil (2015: £nil) related to the Trustees. However, two of the Trustees benefited from contracts with Group companies, the details of which are set out in Note 15.

The emoluments of the CES, including benefits in kind, amounted to £409,530 in the year (2015: £346,207), 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. The CES has made a commitment after the balance sheet date to make a donation under Gift Aid to provide £20,000 to the IET Impact Engineering Campaign which funds scholarships and bursaries.

During the year, travelling and subsistence expenses totalling £31,981 were incurred by the six members of the Executive Team considered key management personnel on behalf of the IET (2015: £33,171 by five members of the Executive Team).

7. INTANGIBLE FIXED ASSETS – GROUP

	Goodwill £000
Cost:	
At 1 January 2016	494
At 31 December 2016	494
Amortisation:	
At 1 January 2016	383
Charge for the year	95
At 31 December 2016	478
Net book value:	
At 31 December 2016	16
At 31 December 2015	111

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

7A. INTANGIBLE FIXED ASSETS – CHARITY

	Goodwill £000
Cost:	
At 1 January 2016	407
At 31 December 2016	407
Amortisation:	
At 1 January 2016	-
Charge for the year	81
At 31 December 2016	81
Net book value:	
At 31 December 2016	326
At 31 December 2015	407

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	Mechanical and Electrical Installations £000	Furniture, fittings and equipment £000	Regional Centres (Buildings) £000	Total £000
Cost:						
At 1 January 2016	29,982	6,474	-	2,132	2,044	40,632
Transfers	(14,063)	-	12,539	1,524	-	-
Additions	-	-	-	2,229	-	2,229
Disposals	-	-	-	(10)	-	(10)
At 31 December 2016	15,919	6,474	12,539	5,875	2,044	42,851
Accumulated depreciation:						
At 1 January 2016	641	2,919	-	1,650	113	5,323
Depreciation for the year	257	109	662	705	57	1,790
Disposals	-	-	-	(10)	-	(10)
At 31 December 2016	898	3,028	662	2,345	170	7,103
Net book value:						
At 31 December 2016	15,021	3,446	11,877	3,530	1,874	35,748
At 31 December 2015	29,341	3,555	-	482	1,931	35,309

8A. TANGIBLE FIXED ASSETS – IET

	Leasehold buildings - IET £000	Freehold building - Michael Faraday House £000	Mechanical and Electrical Installations £000	Furniture, fittings and equipment £000	Regional Centres (Buildings) £000	Total £000
Cost:						
At 1 January 2016	29,982	6,474	-	2,072	2,044	40,572
Transfers	(14,063)	-	12,539	1,524	-	-
Additions	-	-	-	2,227	-	2,227
Disposals	-	-	-	(5)	-	(5)
At 31 December 2016	15,919	6,474	12,539	5,818	2,044	42,794
Accumulated depreciation:						
At 1 January 2016	641	2,919	-	1,603	113	5,276
Depreciation for the year	257	109	662	701	57	1,786
Disposals	-	-	-	(5)	-	(5)
At 31 December 2016	898	3,028	662	2,299	170	7,057
Net book value:						
At 31 December 2016	15,021	3,446	11,877	3,519	1,874	35,737
At 31 December 2015	29,341	3,555	-	469	1,931	35,296

For both the Group and the IET, "Leasehold buildings – IET" at 31 December 2015 included £27,986,000 assets in the course of construction which are not depreciated. There were no assets in the course of construction at 31 December 2016 and during the year amounts were transferred to the appropriate fixed asset category.

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"). Regional Centres comprise both freehold property, with a net book value of £964,000 at 31 December 2016 (31 December 2015: £996,000) and long leasehold property, with a net book value of £910,000 at 31 December 2016 (31 December 2015: £935,000).

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

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

9. INVESTMENTS – GROUP

	Non-property Investments £000	Investment Property £000	Total £000
Fair value at 1 January 2016	98,880	24,291	123,171
Acquisitions at cost	39,766	-	39,766
Proceeds from sale of investments	(38,586)	-	(38,586)
Decrease in investment cash	(2,656)	-	(2,656)
Net investment gains/(losses)	15,093	(693)	14,400
Adjustment to carrying value of joint venture	82	-	82
Fair value at 31 December 2016	112,579	23,598	136,177
Finance lease relating to investment property (Notes 12 and 13)	-	(2,198)	(2,198)
Net investments fair value	112,579	21,400	133,979
Historical cost at 31 December 2016	88,678	7,227	95,905
Unrealised gains	23,901	14,173	38,074
Realised gains based on historic cost	10,436	-	10,436

9A. INVESTMENTS – IET

	Non-property Investments £000	Investment Property £000	Total £000
Fair value at 1 January 2016	98,078	24,291	122,369
Acquisitions at cost	39,766	-	39,766
Proceeds from sale of investments	(38,586)	-	(38,586)
Decrease in investment cash	(2,656)	-	(2,656)
Net investment gains	15,093	(693)	14,400
Fair value at 31 December 2015	111,695	23,598	135,293
Investments held at cost (at 1 January and 31 December 2016)	830	-	830
	112,525	23,598	136,123
Finance lease relating to investment property (Notes 12 and 13)	-	(2,198)	(2,198)
Total net investments	112,525	21,400	133,925
Historical cost at 31 December 2016	88,660	7,227	95,887
Unrealised gains	23,865	14,173	38,038
Realised gains based on historic cost	10,436	-	10,436

The “Investment Property” for both the Group and the IET (Savoy Hill House) was valued as at 31 December 2016 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 2016, the value of the assets subject to the floating charge was £36.6m (2015: £33.3m). At 31 December 2016 the value of the floating charge itself was £10m (2015: £10m).

9C. ANALYSIS OF INVESTMENTS

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Investment property	23,598	24,291	23,598	24,291
Investments in subsidiary undertakings	-	-	830	830
Investments in joint ventures	884	802	-	-
Listed investments:				
- Equities	58,103	47,181	58,103	47,181
- Bonds	25,068	19,310	25,068	19,310
- Mixed fund	26,823	27,230	26,823	27,230
Fixed asset investments	134,476	118,814	134,422	118,842
Short term cash investments	1,701	4,357	1,701	4,357
Total investments	136,177	123,171	136,123	123,199

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
UK	90,415	98,783	89,831	98,281
Non-UK	45,762	24,388	46,292	24,918
	136,177	123,171	136,123	123,199

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 2016 and considered that no change in their carrying value was required.

10. STOCKS

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Publications and work in progress	292	387	292	387
Other stocks	3	9	-	-
	295	396	292	387

11. DEBTORS

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Trade debtors	2,507	1,900	1,443	1,363
Other debtors	440	1,162	321	1,131
Accrued income	4,730	4,084	4,636	3,937
Payments in advance	1,899	2,121	1,530	1,964
Amounts due from subsidiaries	-	-	1,677	1,058
	9,576	9,267	9,607	9,453

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 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Accruals for grants payable	579	794	579	794
Trade creditors	1,413	3,046	1,082	2,853
Obligations under finance leases	97	97	97	97
Taxation and NI costs	743	617	553	510
Other creditors	835	666	822	651
Accruals	5,120	5,201	4,377	4,663
Amounts received in advance	10,343	9,051	9,395	8,775
Amounts due to subsidiaries	-	-	281	714
	19,130	19,472	17,186	19,057

“Amounts received in advance” represent income from subscriptions relating to future periods. Substantially all of the receipts in advance as at 31 December 2015 were released to the Statement of Financial Activities in the year ended 31 December 2016. Accruals include termination payments of £nil (2015: £20,558).

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 2016 £000	Group and Charity 2015 £000
Funds held as at 1 January	389	400
Funds received in year	2,244	2,271
Funds transferred to owning entity	(2,099)	(2,282)
Funds held at 31 December	534	389

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

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Accruals for grants payable	1,324	958	1,195	909
Obligations under finance leases:				
- later than one year and not later than five years	387	387	387	387
- later than five years	1,714	1,807	1,714	1,807
Other creditors	15	-	15	-
	3,440	3,152	3,311	3,103

The lease that the IET has with its landlord for Savoy Hill House is currently under rent review. Such reviews formally occur every five years.

14. COMMITMENTS

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

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Land and buildings, expiry date:				
- within one year	160	54	160	3
- between two and five years	674	502	361	298
- after five years	2,198	2,251	2,198	2,251
	3,032	2,807	2,719	2,552
Vehicles and equipment, expiry date:				
- within one year	-	5	-	2
- between two and five years	70	27	70	27
	70	32	70	29

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 & 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 £65,097 were incurred by 14 Trustees on behalf of the IET (2015: £47,335 by 18 Trustees). None of the Trustees, or persons connected with them, received remuneration for any service to the IET this year or last year.

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

Mr Nigel Ward (Trustee during the period to 30 September 2016) is a director and 50% shareholder of Schoolbacs Limited (Schoolbacs). The other shareholder of Schoolbacs is related to Nigel Ward. The IET made contractual payments during the period to 30 September 2016 to Schoolbacs totalling £29,120 plus VAT (2015 year: £36,000 plus VAT) for the provision of cloud-based software and related support services. No amount was outstanding as at 31 December 2016 (31 December 2015: £3,000 plus VAT).

Dr Peter Bonfield (Trustee) is Chief Executive of the BRE Group (BRE). The IET has cooperated during the year with the BRE Group on a solar photovoltaic standard. IET Services Limited

received £31,101 plus VAT from the BRE Group during 2016 (2015: Nil) in respect of room hire, equipment hire and catering. £1,777 plus VAT of this balance remained outstanding at 31 December 2016. The IET has paid £1,000 plus VAT to the BRE during 2016 (2015: Nil) for event sponsorship.

Mr Nick Winser (Trustee) is Chairman of Energy Systems Catapult (ESC). IET Services Limited received £145,536 plus VAT from ESC during 2016 (2015: £31,100 plus VAT) in respect of the Future Power System Architecture (FPSA) project. The FPSA project assesses the challenges to be faced in the electricity system by 2030 in order to identify the new functionality required. The project is a collaboration between the IET and ESC, undertaken with the support of the Department for Business, Energy and Industrial Strategy.

The IET made gross payments during the year of £673 (2015: Nil), for services rendered under a temporary employment contract, to the son of Mr Edward Almond who is Director of Finance and Planning at the IET.

Trustees and members of the Executive Team made unconditional donations of £Nil in aggregate to the IET during 2016 (2015: £9,750).

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

Entity	Relationship	% Ownership	Income 2015 £000	Expenditure 2015 £000	Debtor/ (creditor) at 31 Dec 2015 £000	Income 2016 £000	Expenditure 2016 £000	Debtor/ (creditor) at 1 Jan 2016 £000
IET Services Limited	Subsidiary	100%	1,750	(2,935)	(55)	5,010	(3,124)	844
IEE Conventions Limited	Subsidiary	100%	1,888	-	671	2,444	-	744
IET USA, Inc	Subsidiary	100%	261	(911)	(205)	426	(807)	(50)
IET India	Subsidiary	99.9998%	-	(180)	22	-	(137)	59
IET Services (India)	Subsidiary	99.998%	63	(524)	9	88	(545)	(91)
IET Holdings	Subsidiary	100%	5	-	55	-	-	63
IET Beijing	Subsidiary	100%	-	(699)	(152)	-	(656)	139
IET Canada	Subsidiary	100%	6	(28)	-	-	(21)	-
Institution of Engineering and Technology, USA	Subsidiary	100%	-	(35)	-	-	(18)	-
IBC Partnership	Associate	34%	-	(1)	-	-	-	-
IBC Limited	Associate	34%	-	-	-	-	-	-

Notes

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

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

IET Services Limited has four employees (2015: 4) who were members of IET's defined benefit pension scheme, 'The IET Superannuation and Assurance Scheme' (IET SAS) until its closure to future accrual on 31 March 2012. The directors of IET Services Limited consider that there is insufficient information to account for the Scheme as a Defined Benefit Scheme in its own accounts, in particular as separate contribution rates were not identified for the participating employers of the Scheme. As such the Scheme is accounted for on a Defined Contribution basis in the accounts of IET Services Limited. The FRS102 deficit of IET SAS at 31 December 2016 as calculated by the Scheme Actuary is £8,367,000 (2015: surplus of £3,428,000), full details of which are set out in Note 17. A recovery plan has been agreed between the principal employer, The IET, and the Scheme Trustees in respect of the deficit calculated based on the position at 31 March 2014, the date of the most recent triennial actuarial valuation. IET Services Limited's contribution into this Scheme for the year to 31 December 2016 was nil (2015: 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 25.

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 and completed in 2016.

The Development and New Initiatives Reserve has been established to fund those projects which have been approved to be undertaken and is also to underwrite new revenue-generating activities to supplement the income from existing activities during the period 2017-2019 as set out in the IET's Corporate Plan.

The results of the FRS 102 valuation in respect of the IET's defined benefit pension schemes are disclosed in more detail in Note 17. The net pension scheme assets/(liabilities) are disclosed under

The Pension Scheme Funding Reserve.

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

Restricted Funds

The Trust Funds have been established to receive donations and bequests which are restricted by the donor to the support of certain activities. These funds typically support scholarships, awards, prizes and research.

Trust Funds are included within the IET's wider investment portfolio and are shown at fair value at 31 December 2016.

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

The Impact Engineering Fund represents monies that have been donated to the IET for various specific purposes.

A number of these funds are also linked charities. The most significant linked charity by size is The Institution of Electrical Engineers Benefactors Trust Fund, which is the IET's principal Restricted Fund and was established for such charitable purposes connected with the Institution or connected with the advancement of education in electrical engineering generally including the establishment and award of scholarships, fellowships, lectureships, competitions, prizes and awards. It is shown separately on the basis of materiality.

The largest of the other linked charities is the Lord Hirst Fund which provides financial support to engineers in financial need, with funds at 31 December 2016 of £442,000 (31 December 2015: £379,000). The full list of linked charities is provided in Note 16a.

Transfers between Funds

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

16A. LINKED CHARITIES

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

Permanent endowments – other Trust Funds

Linked Charity Name	Registration Number
Wilde Benevolent Trust Fund	211014-1
The Institution Prize for Women	211014-3
William Beedie Esson Scholarship	211014-6
Will Geipel Scholarship	211014-7
Goldup Prize Fund	211014-8
Percy Hudswell Fund	211014-9
David Hughes Scholarship	211014-10
I M E A Scholarship Fund	211014-12
J D Knight and E D Knight	211014-13
Sir Edward Manville Scholarship Fund	211014-15
O'Gorman Memorial Fund	211014-18
The Page Prize	211014-19
Sir Charles A Parsons Memorial Scholarship	211014-20
Paul Scholarship	211014-21
John S Robinson Memorial Fund	211014-22
Salomons Scholarship	211014-23
Swan Memorial Scholarship Fund	211014-24
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 - Year ended 31 December 2016

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

Group - Year ended 31 December 2015

	Balance at 1 January 2015 £000	Net Income/ (Expenditure) £000	Pension Scheme Actuarial Gain £000	Transfers £000	Balance at 31 December 2015 £000
Total General Funds	80,973	6,763	-	(6,367)	81,369
Designated Funds					
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
Total Designated Funds	54,065	(2,534)	-	5,909	57,440
Total Unrestricted Funds Before Pension (Liability)/Asset	135,038	4,229	-	(458)	138,809
Pension Scheme Funding Reserve	(611)	-	2,621	1,610	3,620
Total Unrestricted Funds After Pension (Liability)/Asset	134,427	4,229	2,621	1,152	142,429
Permanent Endowment Funds					
Other Trust Funds	1,222	(8)	-	(1)	1,213
Expendable Endowment Funds					
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
Total Expendable Endowment	10,570	(346)	-	1	10,225
Total Endowment Funds	11,792	(354)	-	-	11,438
Restricted Income Funds					
IET Restricted Funds	952	-	-	(952)	-
Impact Engineering Funds	235	17	-	(200)	52
Total Restricted Income Funds	1,187	17	-	(1,152)	52
Restricted Funds	12,979	(337)	-	(1,152)	11,490
Total Funds	147,406	3,892	2,621	-	153,919

16B. RESERVES AND RESTRICTED FUNDS (CONTINUED)

Charity - Year ended 31 December 2016

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

Charity - Year ended 31 December 2015

	Balance at 1 January 2015 £000	Net Income/ (Expenditure) £000	Pension Scheme Actuarial Gain £000	Transfers £000	Balance at 31 December 2015 £000
Total General Funds	81,587	6,741	-	(6,367)	81,961
Designated Funds					
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
Total Designated Funds	53,400	(2,805)	-	5,909	56,504
Total Unrestricted Funds Before Pension (Liability)/Asset	134,987	3,936	-	(458)	138,465
Pension Scheme Funding Reserve	(611)	-	2,621	1,610	3,620
Total Unrestricted Funds After Pension (Liability)/Asset	134,376	3,936	2,621	1,152	142,085
Permanent Endowment Funds					
Other Trust Funds	1,222	(8)	-	(1)	1,213
Expendable Endowment Funds					
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
Total Expendable Endowment	10,570	(346)	-	1	10,225
Total Endowment Funds	11,792	(354)	-	-	11,438
Restricted Income Funds					
IET Restricted Funds	952	-	-	(952)	-
Impact Engineering Funds	235	17	-	(200)	52
Total Restricted Income Funds	1,187	17	-	(1,152)	52
Restricted Funds	12,979	(337)	-	(1,152)	11,490
Total Funds	147,355	3,599	2,621	-	153,575

16C. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

31 December 2016

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

31 December 2015

	Unrestricted funds 2015 £000	Restricted and endowment funds 2015 £000	Total funds 2016 £000
Intangible fixed assets	111	-	111
Tangible fixed assets	35,309	-	35,309
Fixed asset investments	107,324	11,490	118,814
Current assets	18,689	-	18,689
Current liabilities	(19,472)	-	(19,472)
Long term creditors	(3,152)	-	(3,152)
Pension scheme asset/(liability)	3,620	-	3,620
	142,429	11,490	153,919

16D. ANALYSIS OF IET NET ASSETS BETWEEN FUNDS

31 December 2016

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

31 December 2015

	Unrestricted funds 2015 £000	Restricted and endowment funds 2015 £000	Total funds 2016 £000
Intangible fixed assets	407	-	407
Tangible fixed assets	35,296	-	35,296
Fixed asset investments	107,352	11,490	118,842
Current assets	17,570	-	17,570
Current liabilities	(19,057)	-	(19,057)
Long term creditors	(3,103)	-	(3,103)
Pension scheme asset/(liability)	3,620	-	3,620
	142,085	11,490	153,575

17. PENSION SCHEMES

17A. DEFINED BENEFIT SCHEMES

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

For the purposes of these financial statements actuaries carried out FRS 102 valuations for both schemes as at 31 December 2016.

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 2017.

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 2017.

Assumptions

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

	IET SAS 2016 % pa	IET SAS 2015 % pa	IIE PLAS 2016 % pa	IIE PLAS 2015 % pa
Price inflation (RPI)	3.50	3.30	3.50	3.30
Price inflation (CPI)	2.50	2.30	2.50	n/a
Pension in payment increases, pre April 1997	2.15	2.00	3.50	3.30
Pension in payment increases, post April 1997	3.35	3.20	5.00	5.00
Rate of deferred pension increases	2.50	2.30	3.50	3.30
Salary increases	n/a	n/a	4.50	4.30
Discount rate	2.70	3.80	2.70	3.80

Assumptions (continued)

The mortality assumptions adopted imply the following life expectancies:

	IET SAS 2016 % pa	IET SAS 2015 % pa	IIE PLAS 2016 % pa	IIE PLAS 2015 % pa
Member age 60 – male (current life expectancy)	29.6	29.4	29.8	29.7
Member age 60 – female (current life expectancy)	31.0	30.9	31.1	31.0
Member age 40 – male (future pensioner)	32.4	32.2	32.2	32.0
Member age 40 – female (future pensioner)	32.8	32.7	32.7	32.6

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

	IET SAS 2016 % pa	IET SAS 2015 % pa	IIE PLAS 2016 % pa	IIE PLAS 2015 % pa
Current service cost	-	22	22	21
Administration costs	-	8	8	90
Net interest (credit)/charge on net defined benefit liability	(152)	(7)	(159)	(4)
Net amount (credited)/charged to Statement of Financial Activities	(152)	23	(129)	107

	IET SAS 2016 % pa	IET SAS 2015 % pa	IIE PLAS 2016 % pa	IIE PLAS 2015 % pa
Actual return on assets excluding amounts included in net interest	17,712	(14)	17,698	(5,950)
Actuarial (losses)/gains arising on scheme liabilities	(30,847)	(501)	(31,348)	8,627
Effects of changes in the amount of surplus that is not recoverable	-	60	60	(56)
Actuarial (losses)/gains charged to the Statement of Financial Activities	(13,135)	(455)	(13,590)	2,621

Analysis of the amounts recognised in the Balance Sheet

Changes to fair value of Scheme assets	IET SAS 2016 £000	IIE PLAS 2016 £000	Total 2016 £000	Total 2015 £000
Opening fair value of Scheme assets	133,907	2,579	136,486	140,320
Interest income	5,031	100	5,131	4,862
Contributions by plan participants	-	2	2	2
Contributions by employer	1,188	201	1,389	1,716
Benefits paid	(4,470)	(8)	(4,478)	(4,464)
Return on Scheme assets excluding interest income	17,712	(14)	17,698	(5,950)
Closing fair value of Scheme assets	153,368	2,860	156,228	136,486
Changes to present value of benefit obligations	IET SAS 2016 £000	IIE PLAS 2016 £000	Total 2016 £000	Total 2015 £000
Opening present value of benefit obligations	130,479	2,331	132,810	140,931
Current service cost	-	22	22	21
Interest costs	4,879	89	4,968	4,857
Contributions by plan participants	-	2	2	2
Benefits paid	(4,470)	(8)	(4,478)	(4,464)
Expenses	-	8	8	90
Actuarial losses/(gains)	30,847	501	31,348	(8,627)
Closing present value of benefit obligations	161,735	2,945	164,680	132,810
	IET SAS 2016 £000	IIE PLAS 2016 £000	Total 2016 £000	Total 2015 £000
Fair value of Scheme assets	153,368	2,860	156,228	136,486
Present value of benefit obligations	(161,735)	(2,945)	(164,680)	(132,810)
Amount of surplus not considered recoverable	-	-	-	(56)
Net (deficit)/surplus	(8,367)	(85)	(8,452)	3,620

Fund assets

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

	2016 £000	2016 %	2015 £000	2015 %
IET SAS				
UK equities	17,835	11.6	15,679	11.7
Overseas equities	17,563	11.5	15,544	11.6
Debt securities – Government	52,788	34.4	41,395	30.9
Diversified growth funds	31,623	20.6	32,422	24.2
Insurance contracts	33,372	21.8	28,599	21.4
Cash and cash equivalents	187	0.1	268	0.2
	153,368	100.0	133,907	100.0
IIE PLAS				
Aviva DAF Funds	2,860	100.0	2,579	100.0

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

17B. DEFINED CONTRIBUTION SCHEMES

Both the IET and employees make contributions towards the IET's defined contribution stakeholder pension arrangement. At 31 December 2016, 521 Group employees were members of the Scheme (2015: 494). The total employer contributions paid to this Scheme during the year amounted to £1,620,000 (2015: £1,680,000).

The pension charge for the year to 31 December 2016 for all schemes was £1,580,000 (2015: £1,792,000).

18. CAPITAL COMMITMENTS

The Trustees 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 balance of the expenditure on the redevelopment was all incurred during 2016 and therefore as at 31 December 2016 there were no outstanding commitments.

The Group and IEECL had capital commitments at 31 December 2016 relating to their share in the IBC Partnership of £nil (31 December 2015: Group and IEECL £nil).

The Group and the Charity had no other capital commitments at 31 December 2016 (31 December 2015: 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

Mr A R Bevington (appointed 1 October 2016)

Dr P W Bonfield

Mr M D Carr (appointed 1 October 2016)

Ms N W Climer

Professor R A Cryan

Mr D W A East (resigned 20 March 2017)

Dr A C Harter

Eur Ing T T Hlaing

Eur Ing G N Hobbs

Mrs V M Hodge (appointed 1 October 2016)

Professor J A Noble (appointed 1 October 2016)

Professor W J Stewart

Professor J D M Watson

Mr N P Winser

Air Marshal J A Young (appointed 1 October 2016)

Other Trustees who served during the period of the report:

Miss A K Delahunty (retired 30 September 2016)

Dr W D Evans (retired 30 September 2016)

Mr N Ward (retired 30 September 2016)

Eur Ing Dr C K J Wong (retired 30 September 2016)

Executive Team

Mr N Fine (Chief Executive and Secretary)

Mr E L Almond (Director of Finance and Planning)

Mr R M Best (Head of IT and Digital Services)

Ms A E Carr (Director of Governance and Policy)

Mr T F Hamer (Director of Knowledge)

Ms H Lambert (Director of International Strategic Marketing and Engagement)

Ms C J Oldham (Director of Human Resources)

Ms M D Richmond (Director of Membership and Professional Development)

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Solicitors

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Investment Manager

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Custodian

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