

TRUSTEE BOARD'S REPORT AND ANNUAL ACCOUNTS YEAR END 31 DECEMBER 2019

Institution of
**MECHANICAL
ENGINEERS**

Incorporated by Royal Charter 1930
Registered Charity No: 206882



Improving the world through engineering

TRUSTEE BOARD'S REPORT AND ANNUAL ACCOUNTS

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We are one inclusive team and we treat everyone with respect.

PRESIDENT'S STATEMENT

Many before me have acknowledged the privilege of being asked to lead our prestigious Institution and my own experience means that I can only echo their sentiment. It is at the same time a great honour and yet also a great responsibility. Our Institution represents a long-standing and still highly relevant profession that has much to do in addressing the issues of the 21st Century. Wellbeing is as much in our hands as it is with doctors or lawyers or politicians. I have been entrusted and indeed rewarded by the chance to work with my fellow Trustees and our staff to address these issues. I am proud now to present our annual report that shows the positive progress we have made.

Mechanical engineering remains a pivotal subject. From my own experience as a university professor, students, when they choose a course, are ever more mindful of the need for it to lead naturally to later employment. The analytical and thinking processes that are core to what we teach and espouse will stay with them throughout their lives. I am therefore pleased to continue the key role that our Institution plays in accrediting those courses and then assessing the professional growth of their graduates.

We continue however to have a specific challenge with diversity and inclusion that bothers me. Mechanical engineering should be available to all, anywhere in the world. Mothers and fathers need to know more of the opportunities that are open to their children. Teachers need better support too. At present, our Black, Asian, ethnic minority and gender representation in membership and the profession generally remains well below acceptable levels. We have taken action, but we clearly need to do more. One small but important example is that we have set 2020 to be our 'Year of Values'. One of these values is: 'We are one inclusive team and we treat everyone with respect'. It's all part of the culture in the way we behave that needs to be welcoming to new people and to new ideas.

To be fully effective we need ourselves to be a professional and high performing organisation. I am very grateful to my predecessor, Tony Roche, for the excellent work he did in coming in at short notice in 2018 and steering us through some difficult times. I have tried to follow in his footsteps of listening to members to ensure that we have their support, and

hence access to the goodwill and generosity with their time necessary to deliver our charitable goals.

I feel that as a result, the Institution has now come back on track. We are committed to steering through the outputs from our governance, finance and code of conduct reviews to ensure that we embed their ideas and hence the improvements to the way we have been working, notwithstanding COVID-19. I am delighted so far with the inclusive way in which we have responded to their recommendations and am very grateful to President-elect Terry Spall and his team for the work they have been doing.

Thank you to all our members, volunteers and employees with whom I have worked this year. They are creative, supportive, hardworking and dedicated to the Institution and its aims.

I said at the beginning of my year that I wanted our Institution to be a more forward-looking, enthusiastic place than it has been. We needed to get back to our core purpose of popularising mechanical engineering and inspiring young people. As I come to the end of my tenure, I hope you will agree from what you read here that we are well on our way.

Professor Joe McGeough
FREng FRSE FIMechE



“ ”

The challenge, as always, remains to make our Institution ‘relevant’ rather than just ensure that it can continue to exist.

CHIEF EXECUTIVE'S STATEMENT

2019 has been my first full year as your Chief Executive and it has been a delight to be able to meet both members and employees and acknowledge their efforts in achieving, and regularly exceeding, our business targets for the year. We've made great progress since 2018 and it is of huge credit to those members' and employees' skills and experience that make what you see here possible.

We achieved 11 of our 17 total objectives this year; these include all of those that many would see as our key purpose goals of accreditation and assessment of engineering competence whilst living within our means. It's important however that we learn from the ones we have missed. Four are one-off projects that we have not been able to deliver for good reason, but the two others show some systemic issues that continue to require attention from us as well as our partner Institutions. The first is the ability to work across discipline boundaries, we simply must get better at this as engineering evolves. Logic would dictate that collaboration between Institutions has to be part of the answer. Secondly, now that our new values have been established, we must ensure they are embedded in both our member and our employee culture moving forward.

I have chosen a few highlights overleaf to give you a snapshot of what our Institution can do. What I must also do is to record the spirit with which those goals have been achieved. It is simply not possible to reduce our operating expenses by over £1 million a year from 2018 and yet still deliver on our charitable aims without a unity of purpose and a commitment to a vision. Our commercial subsidiaries also are no exception; they have turned £166k surplus in 2018 into nearly £700k surplus this year. These things don't just happen, and we mustn't overlook the people behind the performance.

All those funds go to bolster our free reserves which are still slightly below target but are certainly progressing in the right direction. This is clearly good news as it allows us much more flexibility in the way we address opportunities as they arise, and respond to the impact of the COVID-19 pandemic. The challenge, as always, remains to make our Institution 'relevant' rather than just ensure that it can continue to exist.

Looking ahead to 2020, we will be setting this as our 'Year of Values'. Our aim is to be known as much for our professionalism and for our inclusion as for our basic achievements. We represent a key part of the engineering profession and we cannot do that effectively without driving the very best behaviours and culture through everything we do. As a first step, I am delighted that the Institution's efforts on developing and growing our employees has been recognised by retaining Silver Accreditation with Investors in People. We must strive for Gold status upon reaccreditation in 2022.

Dr Colin Brown
CEng FIMechE FIMMM

COVID-19 STATEMENT

Since the time period covering these accounts but prior to their release, the impact of a coronavirus pandemic (COVID-19) has so far in 2020 caused significant disruption to ongoing business within the Institution both as a charity as well as its commercial subsidiaries. In line with UK governmental guidance for social distancing measures, at the time of writing the Institution has restricted access to its buildings and imposed a ban on all non-essential travel for employees and volunteers. To safeguard correctly our employees, volunteers and with those they work, we have also cancelled seminars, conferences and other events. It is expected that these measures will impact us over the coming months and potentially for the remainder of the year. Whilst it is difficult to predict the extent of the financial and operational implications of the outbreak of COVID-19 on the UK economy or the organisations which operate within it, we are regularly reviewing our response to the situation. We are proactively adopting mitigation measures to limit the significant negative impact on our performance with financial losses being absorbed as necessary by our free reserves.

HEADLINES

DEVELOP ENGINEERS

- Eighth year in succession as the leading Engineering Council licensee for new registrations
- Mandatory Continuing Professional Development (CPD) adherence on track

£10M turn around
in overall financial result
cf 2018

PROMOTE ENGINEERING

- 'Challenge' competitions at record participation with 254 individual teams across the five events
- Engineering Education Grants Scheme (EEGS) funded 17 new projects in collaboration with the IET

INFORM OPINION

- Social media followers up by 4.2% to over 600,000
- Professional Engineering (PE) App (both Apple and Android) has over 16,000 users, up by 22%
- Active support for the National Engineering Policy Centre

Major internal reviews
recommendations
moved to
**implementation
phase**

ENCOURAGE INNOVATION

- Five teams entered the first formal Formula Student Artificial Intelligence (FS-AI) competition
- Continued growth of existing Stephenson Fund investments

ENABLERS

- Ongoing operations ran a surplus of £1.1M before exceptional costs (2018 -£0.8M deficit)
- After all costs and all financial gains and losses, the result was a surplus of £3.9M (2018 - £6.1M deficit)
- Member engagement metrics have been included in all manager appraisals
- Major internal reviews reported, and an implementation group created to deliver on their recommendations

The members of the Trustee Board submit their annual report and audited accounts for the year ended 31 December 2019. The provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2015 has been adopted in preparing the annual report and accounts of the charity.

OUR COMMITMENT TO ENVIRONMENTAL SUSTAINABILITY

The respect and protection of the environment is an integral element of our underlying corporate social responsibility and, as such, we will continuously look across all our business practices to ensure it has minimal adverse effect on the environment.

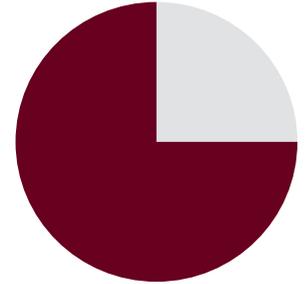
During 2019 we carried out a plan to replace lighting across the organisation and by the end of 2019 nearly 75% of Birdcage Walk, London, had been converted to low energy LED lighting. We also upgraded several air conditioning units within the building with more energy efficient units giving us greater control over some of our environmental systems.

Our electricity usage in 2019 was 648 MWh (2018 – 679 MWh) and our gas 746 MWh (2018 – 621 MWh). We will use these as benchmarks for our progress in 2020.

Throughout the IMechE premises we shall, where appropriate, seek to reduce the volume of waste being sent to landfill, increase the reuse and recycling of materials, reduce energy and water use, and decrease the use of products which are harmful to the environment and/or which consume high levels of natural resources.

Even after the end of COVID-19 we will continue to aim to reduce the impact of travel by employees and members (on IMechE business) by promoting the use of lower impact modes of transport, holding telephone and videocall meetings and encouraging flexible working where possible.

Our commitment to our corporate social responsibility was further demonstrated through staff-led projects including a community litter pick in London, and a roll out of reusable bamboo cups and aluminium water bottles to employees across all sites. The volunteer policy was re-launched to encourage staff to “give back” to charities and their local communities. Several social and wellbeing activities such as the Giving Tree at Christmas, partnering with Westminster Befriend a Family and charity bake sales were also organised.



75% of Birdcage Walk, London, had been converted to low energy LED lighting

The volunteer policy was re-launched to encourage staff to **“give back”**

OUR POLICY FOCUS

In November our Engineering Policy Unit surveyed members to find out what direction they would like to see in our technical and engineering policy overall.

The following four areas were identified as priorities:

1. Climate change mitigation and adaptation

2. Delivering net zero

3. Future transport systems

4. Education and diversity

These areas will now form the new themes for the Institution over the coming years helping us to align activities with government and industry. We will continue to draw on the expertise of members across all our technical divisions and groups to ensure we have an informed and growing public profile on these key issues.



STRATEGIC OBJECTIVES

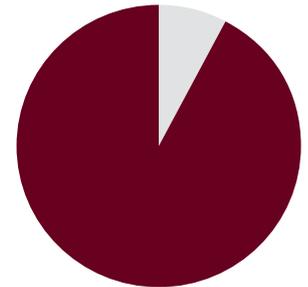
SO 1. DEVELOP ENGINEERS

Be a leading PEI for professional registration, applications and elections.

Objective: Remain a leader for registrations across all grades

What we said we'd do: Maintain net paying membership at 69,988

■ Achieved ■ Not Achieved



We retained **92.4% of members** in all paying grades

For the eighth consecutive year, we remain the leading Professional Engineering Institution (PEI) for new registrations with the Engineering Council. Our paying membership grades grew by 1,407 (2%) to 71,384 in 2019, while we reached a record number of 5,532 EngTech members; increasing our overall membership by 1% to 121,346 of which 11,693 members were female. Overall, we retained 92.4% of members in all paying grades.

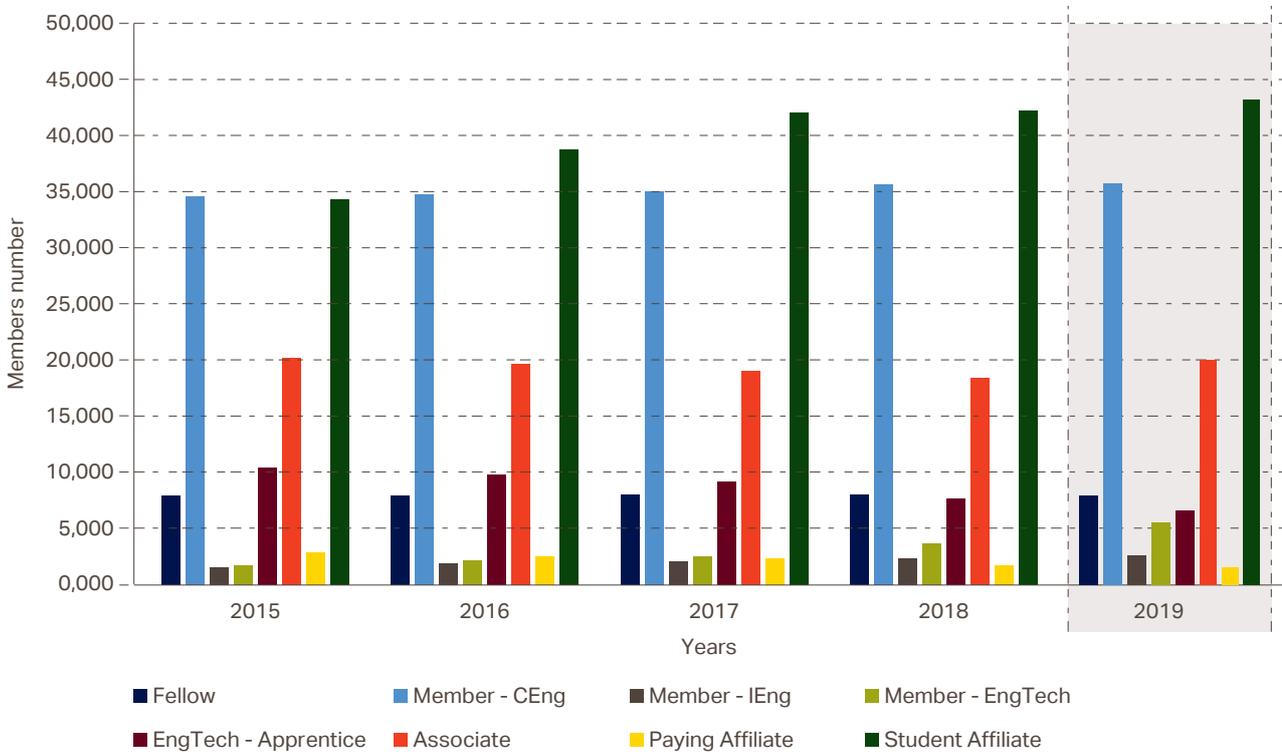


Chart 1. Membership growth 2015-2019

Internationally, South East Asia and Hong Kong remained a key area of focus with overall international membership increasing 4% from 31,756 to 33,683 accounting for 28% of total IMechE membership. Our successes are underpinned by several "get registered" events and membership workshops hosted worldwide by our business development team. Maintaining our commitment to increased accessibility with members globally, we also delivered a regular programme of 20 open webinars to professional registration, membership and fellowship.

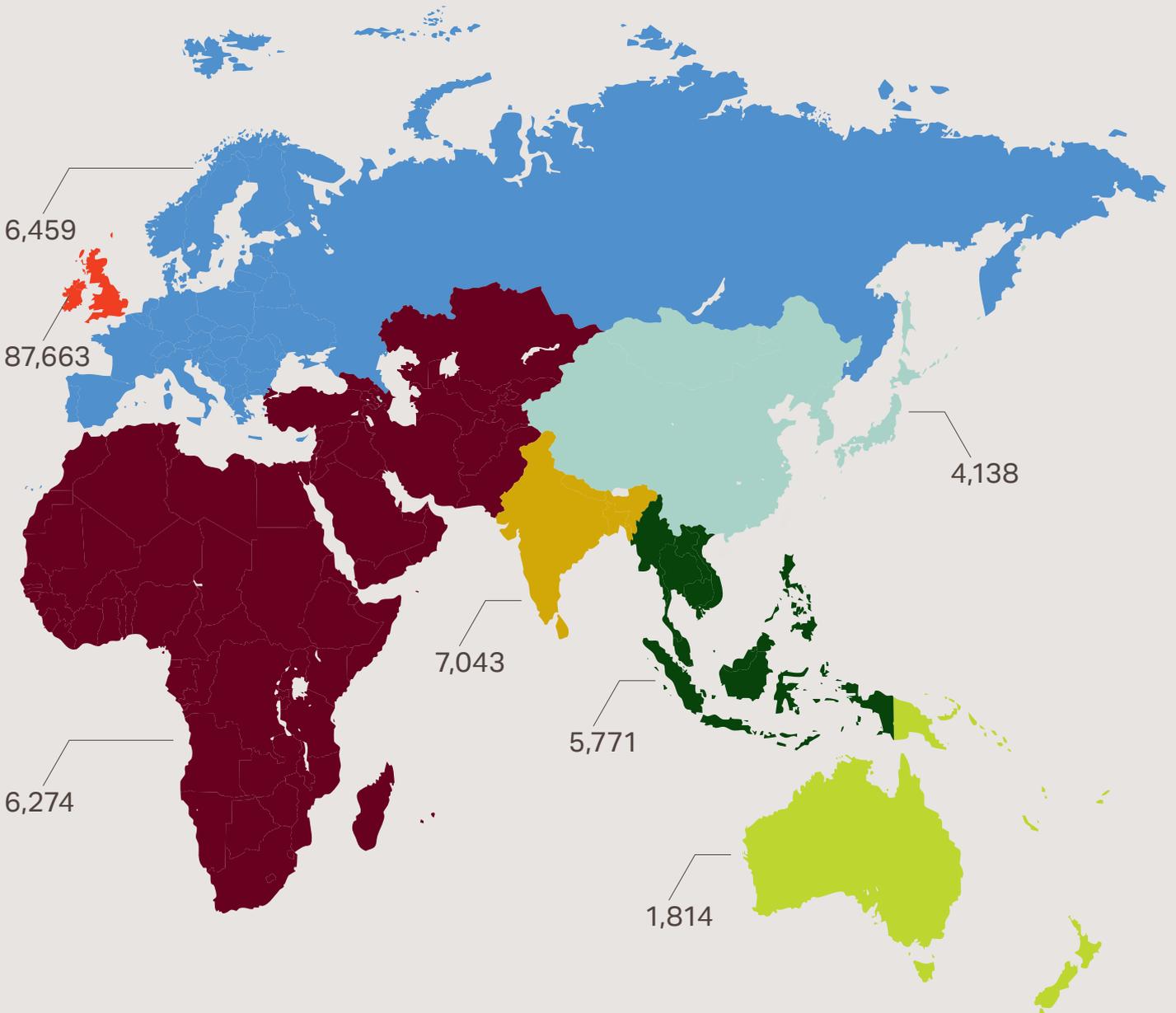
2019 saw us work with 206 new companies worldwide and deliver 184 MPDS / SRS supported activities including mentor training, graduate induction and support towards application.



Dr Z W Ding CEng MIMechE



Chart 2. Global membership **121,346**



We remain the leading PEI for new registrations for the 8th consecutive year.



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Provide world class products and services to engineers, and those engaged with engineering

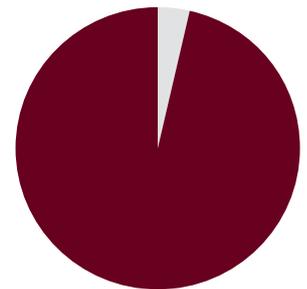
Objective: Support mandatory CPD as part of a greater emphasis on retention through meeting member needs

What we said we'd do: Embed CPD into member culture by achieving 95% return from selected registrants on the CPD audit

■ Achieved ■ Not Achieved

From the members selected to participate who then continued in membership, a closing engagement figure of 96.4% (2,343 members) have now informed the Institution how they record their CPD, with 836 of these requesting personal feedback. Of these, all were invited to participate in stage 2 (i.e. forward looking at goals, aspirations and career planning). 41 people have so far given us the further information required for stage 2 assessment.

Ultimately, there were 66 members (2.6%) who lapsed their membership having been selected and 91 members (3.6%) who did not respond to our requests to engage with the audit. These members have been informed that they will be included in the 2020 audit and that they are required to participate or risk deregistration.



96.4%
(2,343 members)
have now informed the
Institution how they record
their CPD

Support contemporary ways of working and cover a broad range of disciplines

Objective: Evolve global engagement through improved dialogue with members

What we said we'd do: Establish a consistent approach to delivering webinars and driving digital member engagement compliant with GDPR

■ Achieved ■ Not Achieved

All webinars across the Institution with attendance greater than 50 (e.g. Learned Society, Learning and Development (L&D) and sponsored webinars) are now delivered on the WorkCast platform, while webinars with attendance of 50 or fewer (e.g. Membership upgrade and Library webinars) are delivered via Webex.

L&D delivered six free webinars in 2019 with 3,760 registrations. The L&D webinar catalogue via the Learning Management System attracted a further 1,801 views on demand. A total of 28 webinars with 9,074 registrations were run via sponsored technical events and the Divisions and Groups.

More generally, Microsoft Teams was made available to all of Council and Trustee Board for their committee work. This has proved very timely with subsequent restrictions on travel during 2020.

SO 2. PROMOTE ENGINEERING

Collaborate with other key bodies to influence education policy

Objective: Take a leading role in aligning education programmes across the RAEng, STEM Learning Ltd, Engineering UK and Year of Engineering 2018 legacy programme

What we said we'd do: Create a joint funded programme based on the IMechE / IET Engineering Education Grant Scheme (EEGS)

■ Achieved ■ Not Achieved

The EEGS funding scheme remains successful with 68 applications received in 2019 of which 17 were awarded funding, totalling approximately £95k.

The Institution was the first partner to actively seek out political engagement via EEGS, and arranged for Welsh Economy Minister Ken Skates to visit Rhosymedre Community Primary School in Wrexham who received funding in 2018.

We are also working with the Royal Academy of Engineering, Primary Engineer and other key partners as we continue to support engineering education policy, but together with the IET we have jointly failed to get extra external sponsorship as intended.

Enable the next generation of engineers to be smarter, quicker and wider skilled than ever before

Objective: Support the Ambassador programme to deliver the "Leading the Change" agenda

What we said we'd do: Track and analyse the use of the new educational toolkits by members

■ Achieved ■ Not Achieved

Since their launch in September, 65 of the new STEM toolkits have been dispatched to ambassadors. A toolkit workshop with ambassadors was held in December, drawing overwhelmingly positive feedback along with constructive suggestions of improvements for older children. As a result, the Education & Skills Strategy Board has allocated funding in its 2020 budget to develop new toolkit activities.

A new 3D printer was also purchased in 2019, which following training, will be available to STEM ambassadors in 2020.

In 2019 we had 5,971 registered IMechE STEM ambassadors, an increase of 58% from 2018, engaging with over 123,000 young people via member network activities.

Our five student Challenges, (Design, Apprentice Automation, Unmanned Aircraft Systems (UAS), Railway and Formula Student) all hosted STEM outreach activities with local schools that ran in parallel to the main competitions. The Challenges collectively attracted a record number of 254 individual student and apprentice teams.

68 applications received in 2019 of which 17 were awarded funding, totalling approximately **£95k**

IMechE Challenges collectively attracted a record number of **254** individual student and apprentice **teams**

SO 3. INFORM OPINION

We will form and inform opinion to drive influence

Objective: Develop a clear measure of influence that is not Advertising Value Equivalent

What we said we'd do: Recognise influence through active member engagement, digital metrics, press and media coverage, and impact metrics for external stakeholders, in a dashboard that demonstrates value

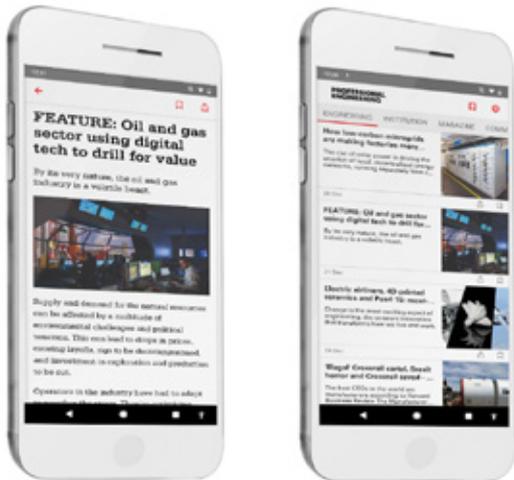
■ Achieved ■ Not Achieved

We conducted independent stakeholder research via a quantitative online survey followed by a qualitative telephone survey, to create a dashboard based on the perceptions of key stakeholders and influencers toward the IMechE. The top-line data will inform future strategic planning, communication and engagement strategies, and feed into our vision.

Media coverage in 2019 included BBC interviews, mentions in both the Financial Times and the Guardian as well as trade and regional press.

We launched a report on 'Brexit and Aerospace' in Berlin at an event which was co-sponsored by the British Embassy. Other reports released included 'Rising Seas: The Engineering Challenge' and 'Exploring the Evolution of Low-Carbon Local Energy'.

Two polls of public attitudes towards autonomous vehicles and drones were sent out, which achieved good media coverage and provided valuable information for the engineering community.



Importantly we have engaged actively with the National Engineering Policy Centre (hosted by the Royal Academy of Engineering) to help develop its position paper "Engineering Priorities for our Future Economy and Society".

We have an impressive 614,469 followers across our social media channels, up by 4.2% from 589,821 in 2018. Notably our LinkedIn profile has more than doubled to 49,620 this year, owing to bespoke marketing campaigns and curated content.

The PE app continues to be popular, with 16,221 users in 2019, up 22% from 2018; demonstrating the need for a more environmentally conscious, paperless communication that has been welcomed by our members both in the UK and internationally.

 Twitter: 56,465

 Facebook: 501,154

 LinkedIn: 49,620

Social media followers up by 4.3% to **over 600,000**

Professional Engineering (PE) App (both Apple and Android) has over **16,000 users**, up by 22%



**We have 5,971
registered IMechE
STEM ambassadors.**



We will be the trusted advisor to employers, governments, academic bodies and other Institutions

Objective: Use research and analysis to drive evidence-based debate working with members and partners

What we said we'd do: Create a campaign based on a joint report with Engineering UK on a research study about how young people make their engineering career choices

■ Achieved ■ Not Achieved

The research with Engineering UK had to be cancelled due to the challenge of the external research organisation not being able to achieve the large sample sizes necessary to support any rigorous conclusions. The costs associated with this project were therefore saved.



Total engagement at events increased in 2019 reflecting improved dialogue and relevance of our offering especially online.

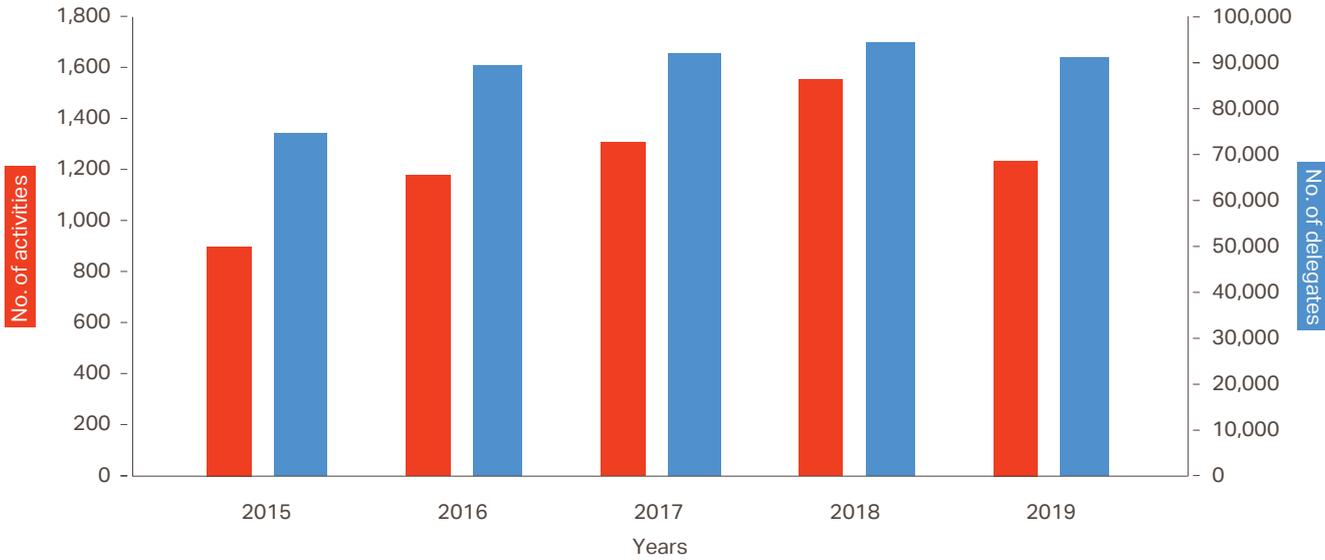


Chart 3. Member organised activities 2015–2019

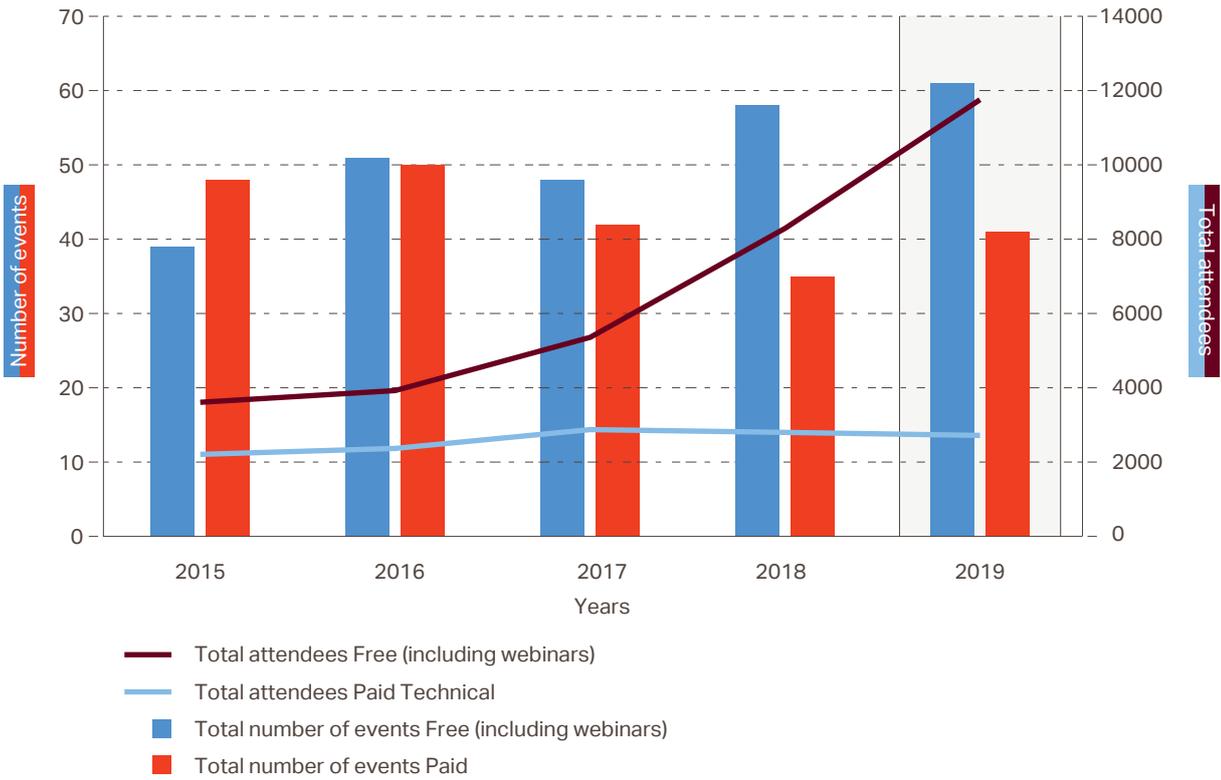


Chart 4. Number of Events organised/engagement supported by the Events team 2015–2019

SO 4. ENCOURAGE INNOVATION

Act as an impulse to inventions that will be useful to the world

Objective: Develop new events that stimulate innovation

What we said we'd do: At least two events to feature an innovation theme e.g. based on the Stephenson Fund investments

■ Achieved ■ Not Achieved

The innovation-themed events we organised this year included a lecture on 'Innovations in Pumped Storage' exploring the combined operation of batteries, use of desalinated water, and the new FELT financing concept in future technologies, and attracted 224 registrations. We also hosted a debate on 'New Tools for Climate Repair' with participation from Sir David King FRS, former Chief Scientific Adviser to the Prime Minister (2000 -2007), where the tools and technologies which could repair the Earth's climate and the role of engineers in achieving this was discussed.

2019 Formula
Student statistics:
130 teams
20 countries
1,831 spectators
350 volunteers

Continue to encourage research, innovation and entrepreneurship

Objective: Continue to expand the influence of the student Challenge programme

What we said we'd do: At least five university teams compete in the FS-AI class in 2019

■ Achieved ■ Not Achieved

Five teams entered the first formal FS-AI competition in July: Oxford Brookes University, University of Bath, University of Edinburgh (fielding two separate teams) and Coventry University. The first team from the University of Edinburgh was crowned overall winners.



We now have a generation of engineers in Formula One that have cut their teeth at Formula Student and I know that the standard of those engineers is so much higher at the beginning as a result.

James Allison,
Chief Technical Director, Mercedes F1



STRATEGIC ENABLERS

SE 1. A COLLABORATIVE GLOBAL NETWORK

Objective: Proposals for member services, commercial and learned society activity

What we said we'd do: A sub-group across Trustees and Council to establish a project with at least one other body

■ Achieved ■ Not Achieved

A new Relevance project was set up in 2019 to lead discussions and gather opinions on the long-term future of the IMechE alongside the other PEIs, and consider our relevance to current and future members, the profession and society. This could lead to new collaborative opportunities, building on partnerships that already exist globally in areas such as events, membership development, policy and STEM engagement.

In October, the Relevance group was formalised and endorsed at Council. The group consists mainly of Council members representing all the main membership boards, elected Council members along with representation of the Trustee Board and staff (and currently does not include external organisations). The project will continue in 2020, where the plan is to understand much more from our existing members, supporting organisations and stakeholders.

Relevance project

was set up in 2019 to lead discussions and gather opinions on the long-term future of the IMechE

SE 2. MEMBERSHIP BASE

Objective: A ten-year membership plan showing the value of investment

What we said we'd do: Publish a plan across all grades and all regions that shows the value of investments being made

■ Achieved ■ Not Achieved

An analysis was published and presented at the Trustee Board in December. This laid out the strategic direction and prioritisation for global membership development over the next 10 years across all grades. However, as the membership research planned for 2019 was postponed to 2020, the market analysis was not available to complete full costings and recommendations. This will be presented in 2020 following surveys of the membership.

SE 3. FINANCIAL STABILITY

Objective: Achieve a surplus of 4% to 8% of learned society revenues

What we said we'd do: Exceed an overall surplus of £300k ahead of exceptional items

■ Achieved ■ Not Achieved

Both the charity and the trading subsidiaries have outperformed against their budgets to give an overall operating surplus of £1.0M ahead of extraordinary items, (7% of learned society revenues). This is a 12% improvement in cost management from 2018 where there was an operating loss of £0.8M (-5% of learned society revenues).

We have experienced
12% improvement
in cost management
from 2018

SE 4. EFFICIENT DIGITAL OPERATING MODEL

Objective: Create a new membership platform and database with enhanced career developer, commercial and member services

What we said we'd do: Review the Digital Modernisation (DM) progress against targets and set future investment at each Trustee Board

■ Achieved ■ Not Achieved

Digital Transformation became Digital Modernisation in 2019, which included dividing the initiative into manageable deliverables. The integration engine to synchronise membership databases between Stratum and Dynamics was delivered in the summer, underpinning future functionality. The L&D team went live with Dynamics in July and the first of the membership processes went into user testing in December. The new VAT receipt functionality was established enabling members to access their online account and request a downloadable VAT receipt for themselves without having to go through helpdesks.

Career Developer was removed from the scope of 2019 work. Future plans were agreed to give a clearer view of the order of functionality to be delivered. Overall the project is well placed to continue delivery through 2020.

SE 5. EFFECTIVE LEADERSHIP AND GOVERNANCE

Objective: Deliver on the Finance and Governance Reviews

What we said we'd do: Action plans approved following the Review Teams' recommendations

■ Achieved ■ Not Achieved

Action plans are in place to respond to all 96 principal recommendations. The target is to ensure that outline agreements on the way forward for all of them are achieved ahead of the annual general meeting in 2020. Noticeable changes include the creation of a Finance Board, a Professional Engineering Projects (PEP) Board Ltd and the appointment of a Chief Governance Officer.

SE 6. FORWARD THINKING, DEDICATED AND MOTIVATED EMPLOYEES

Objective: Focus on personal development

What we said we'd do: Implement a 'Respect' project engaging members and employees

■ Achieved ■ Not Achieved

The Institution is an equal opportunities employer and, by achieving a 'Silver Investors in People Award', demonstrated and recognised our focus on providing training and career development opportunities to all staff. Significant investment was put in this year, including a refresher to the trainer programmes, increased core courses and workshops which provide professional development for staff and serve the members interests.

Employee Engagement

The values of the Institution have been updated and the 'Respect Group' will now merge its objectives with other change and transformation groups, including the 'People and Change' team and 'Diversity and Inclusion' committee. The new structure emphasises that we are a values-driven organisation, promoting a healthier, respectful culture between IMechE staff and members. We have made slower progress than we would have hoped but we will now be working with these groups to implement the Respect project in 2020.

SE 7. HARNESSING THE POWER OF MEMBERS

Objective: Record the quality and quantity of member contributions

What we said we'd do: Include member engagement metrics in all manager appraisals

■ Achieved ■ Not Achieved

Member engagement metrics have been included in the existing staff appraisal system where appropriate. The design of the next generation of performance review recording planned for 2020 will ensure there is better accountability and measurement based on the new values and other behavioural factors.

SE 8. CAPITAL INVESTMENT

Objective: Ensure a sustainable financial future for the infrastructure and commercial operations of the Institution

What we said we'd do: Three year and annual business plan cash flow and free reserves projections approved by the Trustee Board

■ Achieved ■ Not Achieved

The Trustee Board have reconfirmed a strategy that the charity should break even at a minimum over the next three years before investment gains/losses with any surplus from trading subsidiaries retained, and that capital expenditure should be no more than the free cash flow generated by the Institution.

They also reviewed a number of alternative ways to return free reserves to the six month target. As noted in the financial report, the commercial subsidiaries and the Learned Society both trading at a surplus as well as the sale of the freehold property at 6 Old Queen Street, have been the basis for improving the position.

The exact three year cash flow has yet to be accepted however and it will now need to be updated in the light of the COVID-19 impact.

FUTURE PLANS

We have developed a 2020 business plan based on delivering a professional culture through exemplary values and behaviours. These provide the context for the foundation of our operations and our specific charitable goals as depicted by our strategic vision:

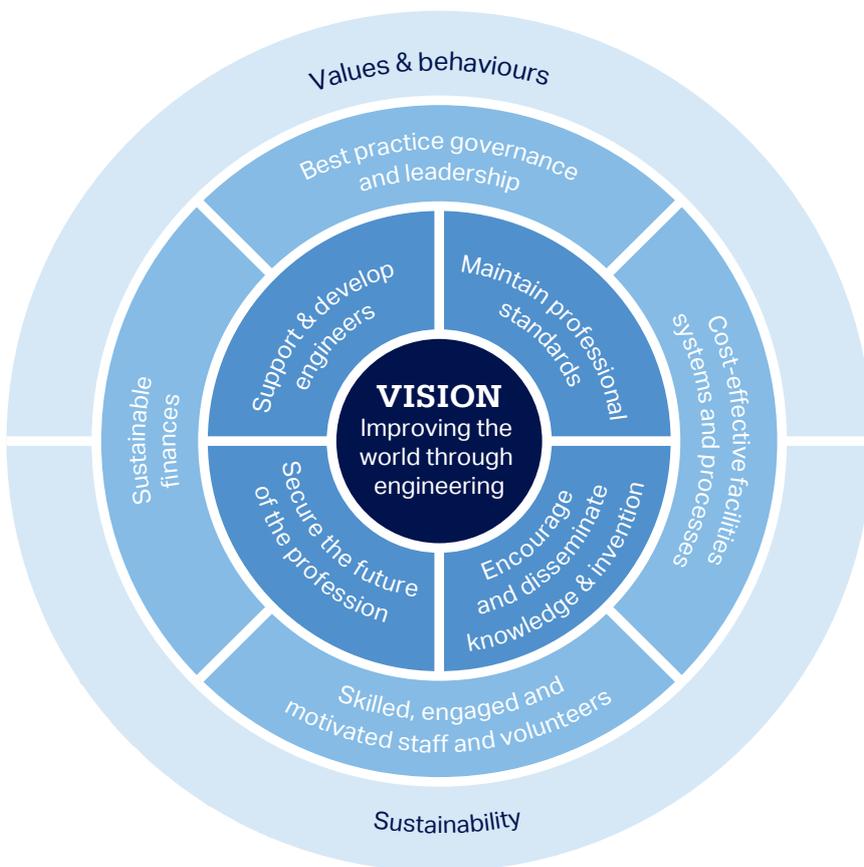


Chart 5. IMechE values

Our specific objectives are:

CULTURE

- Run a programme to embed our values in Trustees, employees and members
- Include a section on environmental sustainability in the next annual report and benchmark throughout 2020

FOUNDATION

- Complete implementation of new finance and HR systems
- New digital offerings to improve member experience
- Deliver accepted 'Review' implementation goals
- Ensure key audits are carried out across the Institution and a rolling programme developed
- Manage capital expenditure within overall cashflow and grow free reserves to six months as a priority
- Complete a property strategy review
- Develop improved induction, training and development for staff and volunteers
- Use Respect project to influence organisational change

GOALS

- Upgrade accredited Initial Professional Development (IPD) offering to drive employer engagement
- Implement an active engagement programme to improve EngTech retention
- Achieve member targets in line with initial findings from the membership strategy review
- Implement required policy changes for compulsory CPD for registrants
- Achieve expansion across the overall student 'Challenge' programme including FS-AI
- Increase attendance (both physical and virtual) across the L&D and Learned Society programmes
- Develop a long-term strategy to inform the 2021 – 2023 plans including input from Project Relevance and market analysis
- Deliver against the benchmark agreed in 2019 for public relations and policy including education outreach

COVID-19 will inevitably impact on our ability to deliver against all our objectives, but we are working hard to minimise the operational impact so far as is possible.

STRUCTURE, GOVERNANCE AND MANAGEMENT OF THE CHARITY

The Institution is governed by a Trustee Board which is composed of members of the Institution. Details of members who served as Trustees during 2019 can be found in the Legal and Administrative section of this document. Reporting to the Trustee Board either directly or indirectly are Council and a number of boards and committees that are concerned with particular areas of the Institution's activities. These boards and committees are composed of members of the Institution with a specific interest or knowledge in the relevant activity. The focus of the Learned Society is based around the Institution's Divisions and Groups whose role is to advise and coordinate on technical strategy and activity.

Globally, the Institution has a regional-based structure to organise local activities to engage members and students. Each Region's affairs are overseen by its own committee, chair and elected officers, and its activities organised locally by member-supported Branches, Areas, Panels and Centres. Members give their time to the Trustee Board, Council, other boards and committees on a purely voluntary basis. While the success of the Institution is dependent on the efforts of its members, it is important that their work is supported by a well-trained and professional staff. The Chief Executive is responsible to the Trustee Board for organising the employees of the Institution.

CHARITY COMMISSION CODE OF GOVERNANCE

The Institution takes its governance responsibilities seriously and, as a large charity, aims to have a governance framework that is fit for purpose, compliant and efficient. Following the Special Meeting in 2018 a governance review was commissioned to address all aspects of governance including compliance with the Charity Commission code. This reported to the Trustee Board in mid-2019 and made a large number of recommendations. The Trustee Board has established an implementation group, chaired by the President-elect, to lead the process of reviewing the report, to engage with stakeholders, and to implement the recommendations following agreement by the Trustee Board. The aim is to have workplans in place in response to all of the major recommendations by the end of May 2020. Several key recommendations have already been implemented including:

- The establishment of a separate Corporate Governance and Risk department headed by a new Chief Governance Officer
- Significant changes to the terms of reference of the Audit & Risk Committee, increasing its independence and providing a broader remit to investigate and review all aspects of Institution activity
- The establishment of a Finance Board to oversee the overall finances of the Institution

INTERNAL CONTROL

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The Trustee Board has in place wide ranging measures to identify and manage risk.

Enhancement of our internal audit capability is one of the changes to the Audit & Risk Committee terms of reference noted above, and additional resource for this has been included in the 2020 budget.

EMPLOYEE ENGAGEMENT

The Trustee Board recognises that one of the key factors in the current and future success of the Institution is the relationship between members and employees. A follow-on project to 'Respect' (2019 Objective E6) will be created under the leadership of a Trustee to build on recent progress.

The Institution is an equal opportunities employer which aims to recruit a diverse range of talented people. It recognises that future success depends on the skills, professional fulfilment and continuing development of all employees. The Institution holds a silver accreditation by Investors in People, which was successfully renewed in 2018.

A formal employee engagement forum operates with representatives from all departments to take the lead on identifying and addressing issues affecting employee motivation, engagement and well-being.

Employees are regularly consulted on issues of concern to them, with regular forums for staff and management levels. Staff are provided with full job descriptions, a formal induction programme, a handbook on employment policies and procedures, written guidance on financial and grievance procedures, and access to job-related training.

ARRANGEMENTS FOR SETTING THE PAY AND REMUNERATION OF KEY PERSONNEL

The remuneration of senior management at director level and above is reviewed and approved annually by the Remuneration Committee. The Committee ensures arrangements are affordable and fair, and designed to motivate and reward performance in the interests of the Group. Remuneration is benchmarked periodically using external surveys and data which include both commercial and not-for-profit organisations.

IMPORTANCE OF THE EFFORTS OF UNPAID VOLUNTEERS AND PROVISION OF FREE FACILITIES

As explained in the section on the organisation of the charity, the Institution is dependent upon the efforts of unpaid volunteer members throughout its structure for its governance and for most of its activities both revenue generating and otherwise. However, the Institution does pay for most of the facilities that it uses - particularly at national level. Locally, in the Regions and Centres, there is some dependence on the provision of free facilities to hold meetings.

PUBLIC BENEFIT STATEMENT

The Trustees confirm that they have complied with the duty in Part 1, Section 4 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'.

The Institution's charitable purpose is enshrined in its objects as described previously. The Trustees ensure that this purpose is carried out for the public benefit by delivering services that are valued by our members and setting standards of achievement for engineers, thereby engendering public confidence and trust.

Membership is open to people who are pursuing a career or have an interest in mechanical engineering.

The Institution actively pursues the development of debate and action on topics for the betterment of society that relate to mechanical engineering. These topics are detailed in the Trustees Report. The Institution provides free literature, free lectures and free access to the library to encourage members of the public to engage in the improvement of the world through engineering.

RISK MANAGEMENT

Risks are identified and managed through a formal risk register which is considered twice a year by the Audit and Risk Committee or more frequently if a significant risk needs additional review. New members of the Trustee Board go through an induction process to familiarise them with their role in the Institution and their legal responsibility as a charity Trustee, and are provided with the opportunity for on-going training. Staff with appropriate professional qualifications are employed in key posts.

Independent professional advice is used in areas such as charity law, investment management, freehold land and buildings, staff pension scheme, governance and elsewhere as appropriate. Comprehensive insurance cover designed after consultation with our broker and insurance providers is in place to meet the risk profile of the Institution.

The Board of Trustees has overall responsibility for risk management and internal control. It regularly reviews the processes in place for managing risk to ensure they are robust and operate effectively throughout the Institution. Comprehensive risk registers are maintained at all levels and regularly reviewed.

COVID-19 has been specifically assessed in early 2020 and actions taken to minimise its impact on the digital modernisation which is at the heart of many of the efficiency benefits anticipated in 2020.

RISK APPETITE STATEMENT 2019

Introduction

Our risk appetite statement describes the total impact the Institution is prepared to tolerate in the pursuit of its strategic objectives. The statement is based on:

- Our duty of care.
- Our long-term strategy, business plans and member expectations.
- Our charitable principles and our Royal Charter.
- Our willingness and capacity to take on risk.
- The practicalities, skills and resources required to manage and monitor risk within the Institution.
- Assessment of the financial loss that can be quantified.
- Periodic review with regard to evolving industry and market conditions.
- Ultimate, collective, approval of the Trustee Board.

Our approach

The Institution's approach is to manage the risk that the Institution is exposed to by evaluating risks of all types on a consistent basis. All risks are expressed in financial terms both so that they can be compared in consistent units and so that the financial costs of mitigation can be evaluated in relation to the level of risk. Even risks that appear non-financial e.g. reputational risks, are evaluated in financial terms by considering the potential impact on member recruitment and retention, the legal or PR costs we might incur trying to address the reputational issue, or the impact on staff engagement and turnover leading to higher recruitment and training costs and lower productivity.

Acceptance of risk is subject always to ensuring that potential benefits and risks are fully understood at appropriate, pre-defined levels, before activities are authorised, and that sensible measures to mitigate risk are established.

Our appetite for risk is inextricably linked to our capability to measure and manage it. The Institution operates pragmatic processes, commensurate with its size and resources, for the identification, evaluation and management of risk that threaten the achievement of its strategic objectives. It records them in the Institution risk register, which is monitored by the Trustee Board annually. The Audit and Risk Committee ensures that risks are actively managed within a framework of risk management and delegated authorities, with the appropriate strategies in place to work effectively.

Sub-division and subsidiary company risk registers ensure operational risks are identified and managed. Management oversight and audit support this process and undertakes reviews of key areas throughout the year. In 2019 a joint Trustee Board and Audit and Risk Committee workshop was held to consider risks arising from, or highlighted by, the three reviews following the Special Meeting in 2018.

Major organizational risks

Compliance And Reputation GDPR

As a membership organisation we are particularly sensitive to issues relating to data protection and the 2018 GDPR requirements. We have implemented new policies and procedures to address the requirements of the 2018 GDPR legislation and are continually reviewing this to identify best practice improvements.

Health & Safety

We have a Health & Safety committee and employ professionally qualified facilities management staff to ensure Health & Safety conformity at all sites. We have regular site inspections and reviews by senior management and a Health & Safety report is reviewed by the Trustee Board.

Cyber-security

This is an area of continuous change as technology evolves. As part of our wider digital modernisation we are building cyber security routines into our systems and processes, including penetration testing by external 3rd parties.

IR35

We are undertaking reviews of all of our work which is procured under sub-contract rather than employment agreements. In some cases we have chosen to transfer the arrangement to employment to ensure we are compliant with the legislation.

COVID-19

At the time of approving the Trustees' Report and Financial Statements, it is clear that there will continue to be significant disruption to the work of the Institution over the coming year as a result of the COVID-19 outbreak which has occurred since the financial year end. Due to the progress made on the IT Modernisation Programme, Institution staff were able to move quickly to a homeworking approach and have been working remotely since the Government's advice to work from home where possible. The Trustees and executive team have put in place additional measures to mitigate the financial impact of the outbreak, at the same time as delivering against our 2020 objectives in the most appropriate way given the current COVID-19 control measures.

Operations and change management

IT infrastructure

We have completed the majority of our programme to migrate from an on-premises infrastructure to Microsoft Azure cloud platform although some elements remain to be completed in 2020, including the website and the new finance system. By the end of 2020 all key systems should be cloud-based.

Digital modernisation

Following the 2018 problems noted in the previous annual report a new structure for the programme, with all projects managed in house, has been established, including close links with the Trustee Board digital advisor appointed in 2019. A revised digital strategy has been reviewed and approved by the Trustee Board.

The first elements of the programme, technical infrastructure and Customer Relationship Management, went live during 2019 and there is a significant programme of projects expected to complete during 2020 including events management, an upgraded website, and enhanced member facing services. These are overseen by the digital advisor.

Governance and Membership

Governance

Following the special meeting in 2018 a governance review was undertaken, led by an independent chair. This reported in 2019 and an implementation group, led by the President-elect, has been established to oversee implementation of the recommendations. Most of the recommendations should be implemented by the end of 2020 although some, including those requiring changes to our Royal Charter, will take longer.

Continuing relevance to modern engineers

Our registered membership continues to grow. We conduct regular membership surveys and act upon the results. One key objective of the digital modernisation programme is that of improving relevance to membership through the provision and delivery of better products and services and we expect to deliver significant projects in this area during 2020. We are also investigating approaches to co-ordinate with other professional engineering institutions to improve our joint effectiveness and a sub- group of Council will make recommendations in this area in 2020.

Supply of future engineers

In collaboration with the other professional engineering institutions, we engage with government, industry and education. By doing so, we promote and encourage young people to study maths and science at school. As well as supporting young people to pursue engineering paths in further and higher education and training.

Financial

Cost of remaining at One Birdcage Walk

As an old building in a conservation area it has very high running costs and requires significant capital expenditure over the next few years due to the poor state of the building fabric. It is too large for our needs and, although excess space is either let to tenants or for short term events, this income does not cover the running costs.

A property review group has been established to consider the optimum treatment of the Institution property portfolio and will report to the Trustee Board in 2020.

Returns from commercial trading investments

Following the special meeting in 2018 a finance review was undertaken, led by an independent chair. This reported in 2019 and an implementation group, led by the President-elect, has been established to oversee implementation of the recommendations. Some urgent interim recommendations were implemented during the review, such as implementation of monthly operating boards for some of the trading entities, and all finance recommendations are expected to be implemented by the end of 2020.

FINANCIAL REVIEW

FINANCIAL RESULTS

The key objective in improving the financial position of the Institution is to provide secure financial underpinnings to deliver the Learned Society activities to our members. The Institution runs a number of commercial ventures which are pertinent to its core values to help subsidise the charitable purpose. Following the completion of the Finance Review in 2019, achieving self-funding for the charitable business and increasing the level of free reserves have become key priorities.

In 2019, overall income rose 16% to £27.9M (2018 – £24.0M). Within that increase, £1.9M related to the sales of 6 Old Queen Street and the underlying increase was 9% to £26.0M. The overall level of income from subscriptions and associated services rose by 5.5%, reflecting the fact that we achieved a net volume growth as well as the normal inflationary price increase. Operating expenditure fell 5.5% to £25.3M (2018 – £26.8M) resulting in an operating surplus of £2.6M (2018 – £2.8M deficit), or £0.7M excluding the sale of 6 Old Queen Street. These costs included items totaling £0.3M (2018 – £2.0M) for legal and governance costs relating to the 2018 Special Meeting. Excluding these costs there was an underlying operating surplus of £1.0M (2018 £0.8M loss).

Non-operating costs included a £2.2M gain on investments due to an increase in the valuation of our listed investments (2018 – £1.5M loss), a £0.9M actuarial loss (2018 – £1.8M loss) on the pension fund scheme (see note 10 for full details), resulting in a net movement of funds (operating and non-operating) of £3.9M surplus (2018 – £6.1M deficit) for the year.

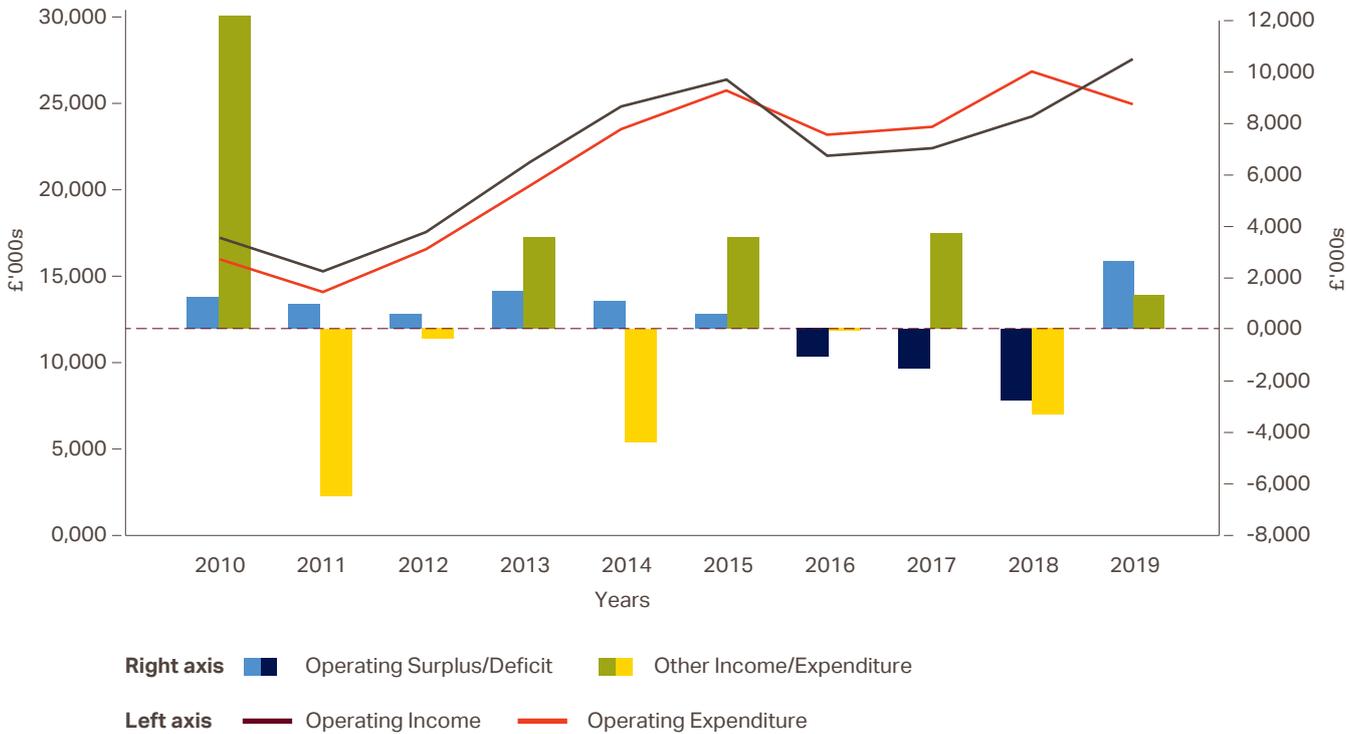


Chart 6. Income and expenditure trends 2010–2019 (£'000s)

Note to Chart 6: the exceptional profit of £11.2M in 2010 is due to the sale of the publishing business. The graph shows the return of the Institution to an operating surplus, after several years of deficits for reasons outlined in the 2018 review.

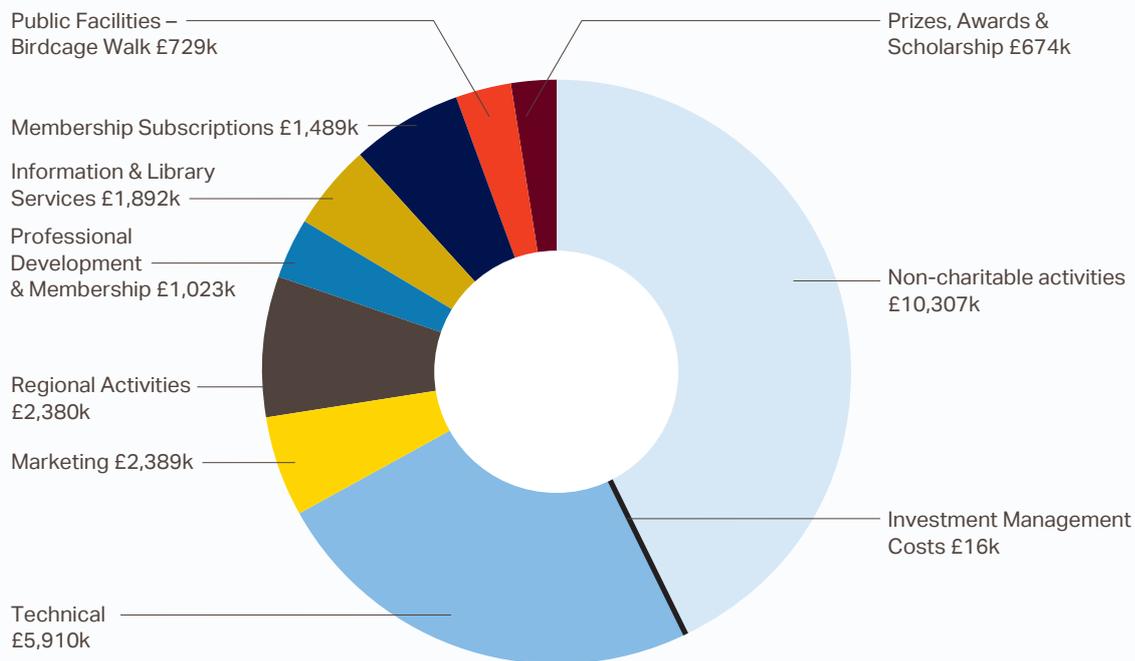


Chart 7. 2018 Resources Expended. Totals 2018 £26,809k

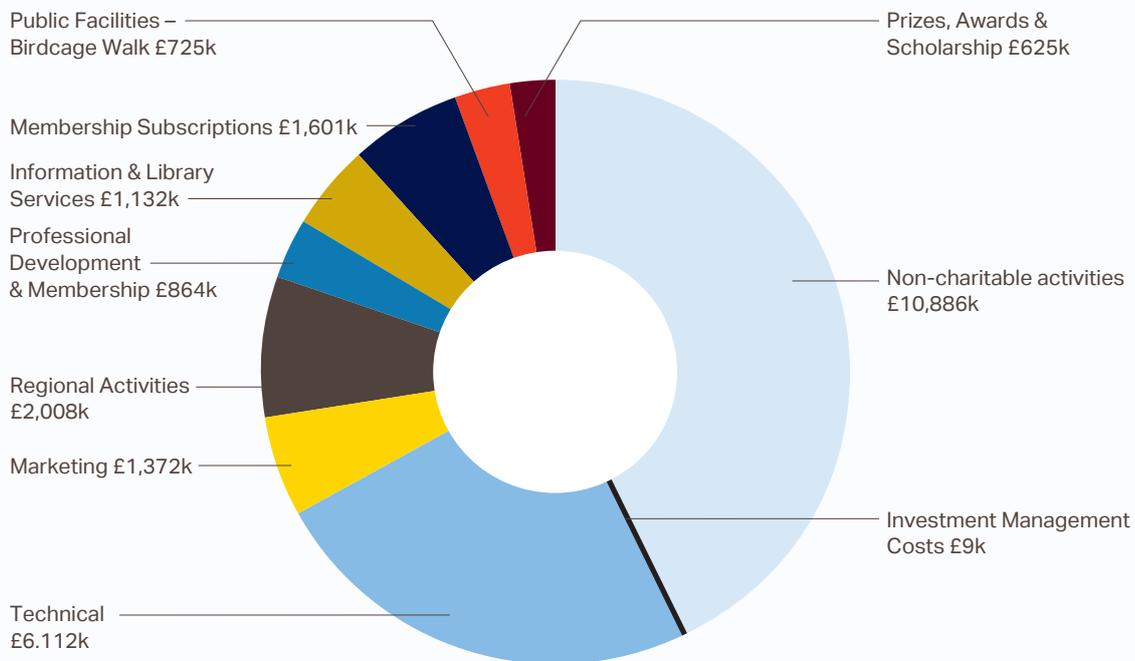


Chart 8. 2019 Resources Expended. Totals 2019 £25,333k



**In 2019, overall
income rose 16% to
£27.9M (2018 – £24.0M).**



Our new Members' Hub
in the Institution's library

CHARITY RESERVES

The Trustee Board has adopted a policy which requires that the level of free reserves should reflect six months of charitable spend. The impact of COVID-19 has been taken into consideration and this policy is still deemed appropriate although, independently of the COVID-19 impact, a review is currently underway to consider how to reflect the impact of risks identified in the risk register in the free reserves target in a more dynamic and responsive way. At 31st December 2019, this calculation is as shown:

Total net assets before pension reserve	2019	2018
	£000s	£000s
Total Charity funds	31,239	26,630
Endowment funds	(10,946)	(9,013)
Restricted income funds	(3,029)	(3,022)
Unrestricted funds	17,264	14,595
Less Stephenson Fund investment	(1,765)	(1,650)
Less intangible assets	(2,690)	(2,113)
Less tangible assets	(7,141)	(7,158)
Free reserves	5,668	3,674
Total Expenditure	25,334	26,809
Less restricted expenditure	(634)	(690)
Less non-charitable trading activities	(10,895)	(10,323)
Charitable activities expenditure	13,805	15,796
Months expenditure to free reserves	4.9	2.8
	months	months

The recent **increase in our free reserves** stands us in better stead for the uncertainty in 2020 from COVID-19.

Returning free reserves to the target level set by the Trustees is regarded as a medium term objective and is reviewed annually as part of the budgeting process. Capital expenditure will, in the short term, be limited to free cash flow (surplus + depreciation + amortization). As always, we will also continually review the best way to achieve optimal value for all of our assets.

The Trustees consider the lower level of free reserves to be a low risk due to:

- the calculation is on the basis that income falls immediately to zero, which is exceedingly unlikely as subscriptions income is very stable due to the very large number of individual members. In addition, the majority of subscription income is received before, or very early in, the year to which it relates so corrective action could be taken if a material shortfall occurred.
- the Institution has a freehold property in Sheffield which could be used as collateral if cash was needed in the short term while longer term asset realisation and expense reduction activities were undertaken.
- the forecast impact of COVID-19 is substantially less than the increase in free reserves achieved during 2019, which stands us in better stead for the present uncertainty.

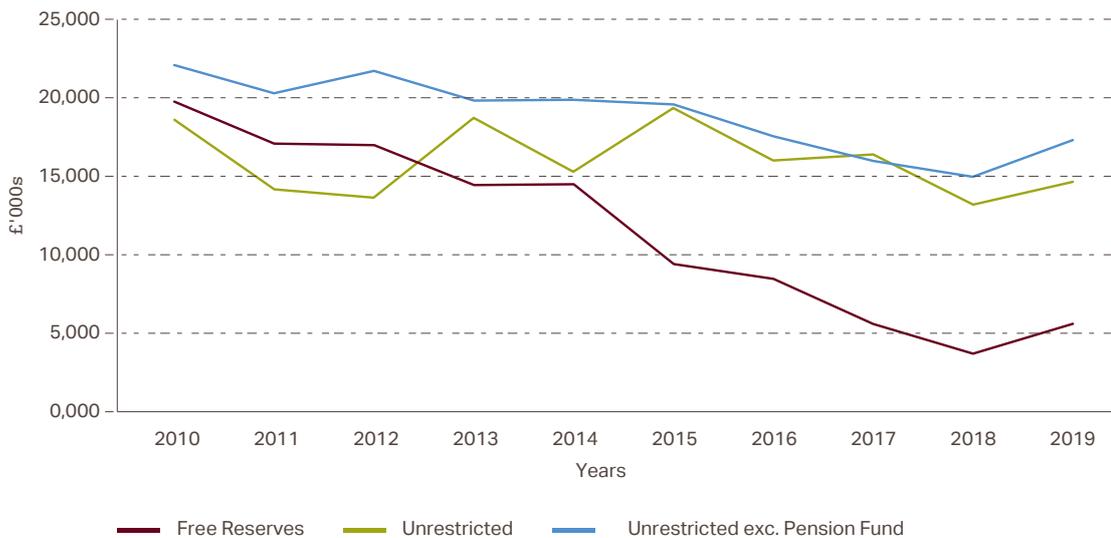


Chart 9. Trends in unrestricted and free reserves (£'000s)

From 2019 onwards, the Trustees have adopted a new funding model, that the charity should break even at an operating level before investment gains/losses with any surplus from trading subsidiaries retained. Capital expenditure will also be limited with the intention that it does not exceed the cash generated in the year i.e. the overall surplus plus depreciation and amortisation charged, so that there would be no further reduction in free reserves. This policy will be maintained until free reserves return close to the desired level. In addition, the Trustees plan to realise the optimal value of our assets resulted in the sale of the freehold property at 6 Old Queen Street.

TRADING ENTITIES

The governance of the trading companies is the responsibility of the newly created Finance Board, chaired by the Honorary Treasurer, and reporting to the Trustee Board. The Board of Professional Engineering Projects Ltd (PEP) directly manages the activities of the trading entities and is chaired by a Vice-President, who is also the Vice-Chair of the Finance Board. Both boards have external members who are senior members of the Institution, supported by external professional advice. The PEP Ltd Board approves both the annual operation plan and three year strategic plan for each operating business which is then submitted to the Finance Board for approval as part of the overall Institution's financial processes.

The Institution operates four main trading activities through its subsidiary Professional Engineering Projects Ltd and its sub-subsidiaries. The shared costs (finance, HR, marketing, IT and legal & professional) and other minor commercial activities were a net cost of £0.41M in 2019, (2018: £0.24M) a 74% increase resulting from an internal review, which allocated significantly higher costs from shared finance, marketing and HR functions to PEP Ltd. Additionally, minor exchange losses of £59K on foreign currency trade balances were incurred.

Overall our trading entities grew turnover in 2019 by 22% to £9.8M (2018 £8.1M) and an operating profit increase of over 300% to £0.7M (2018 £0.2M, as restated) at budgeted exchange rates, after direct costs of £9.1M. This is different from the amounts shown in Note 3 to the accounts which show direct costs of only £8.8M due to foreign exchange differences on consolidation of the US dollar denominated US subsidiary and consolidation adjustments as the trading entities have some transactions with the charity, such as the Sheffield building, which is rented by PEP Ltd from the charity.

ONE BIRDCAGE WALK

Institution of
MECHANICAL
ENGINEERS

One Birdcage Walk

Our Venue Hire business, trading under the 'One Birdcage Walk' brand at our head office continued to grow strongly in 2019 with turnover up by 24% on 2018 to £1.35M and operating profits up by 37% to £0.61M. The previously anticipated change to a commission- only model for catering revenue during 2019 did not materialise so the results are directly comparable. The venue hire business at Sheffield remained very small at less than 2% of total venue hire revenue during 2019.

2020 was expected to be a consolidation year with a small profit decline as staff costs will be increased due to cover for maternity leave of the manager. Unfortunately, as a result of COVID-19 restrictions the London venue has been closed since mid-March and is not expected to re-open for events for some time. Even after the re-opening, social distancing requirements are likely to impact on the events that can be held. However, furloughing of staff and other cost saving measures should mean that the business remains profitable, although at a much lower level than 2019.

LEARNING & DEVELOPMENT

Institution of
MECHANICAL
ENGINEERS

Learning & Development

Our London-based training business delivered a significant recovery after a downturn in 2018 with turnover increasing by 21% to £2.0M and operating profits up by 30% to £0.3M. One of our major customers responsible for the downturn in 2018 recovered strongly. In addition, we gained a number of new customers and launched new technical training products. 2020 is expected to be a consolidation year, as two of our most senior commercial staff retire in the first quarter. Although we have recruited excellent replacements, there will inevitably be a learning curve as they take over operations during 2020.

As a result of COVID-19 there has been an almost complete cessation of the business since mid-March and a only gradual recovery is expected as the government restrictions are lifted. Despite furloughing some staff and other cost saving measures the business is now expected to be loss-making in 2020, but return to profitability from 2021.

ARGYLL RUANE

Institution of
MECHANICAL
ENGINEERS

Argyll Ruane

The Sheffield-based non-destructive testing (NDT) training and consultancy business has made huge steps in its recovery plan during 2019. Turnover increased by 22% to £2.7M and, after a loss of £0.49M in 2018, good cost control resulted, as forecast in last year's review, in a very small profit in 2019. The business is now on a much firmer footing and in 2020 we had expected further sales growth, although at a lower rate than 2019, together with significant profit growth.

However, as a result of COVID-19, income from overseas was initially severely impacted, but is now recovering. The Sheffield training centre was almost entirely closed for several months but is now open again, albeit at a low level of activity. As a result, and despite staff furloughing and significant cost-saving measures, a significant loss is expected in 2020 but a small profit in 2021.

SONASPECTION



Sonaspection

Our NDT flawed sample business, Sonaspection, based both in Lancaster, UK, and Charlotte, USA, had another successful year with continuing strong orders from the new UK nuclear programme. Turnover increased by 22% to £3.7M and profit increased by 23% to £0.26M. Profit growth would have been stronger but for a loss made by the US side of the business. Action has been taken to address the causes of the problems and this part of the business remains under very close review. We entered 2020 with a strong order book and anticipate a 2020 result similar to that for 2019. The development of the current site in Lancaster is almost complete and will support further future expansion.

Most of the customers are in essential infrastructure and only a modest impact is expected from COVID-19, mainly as a result of reduced orders in the USA.

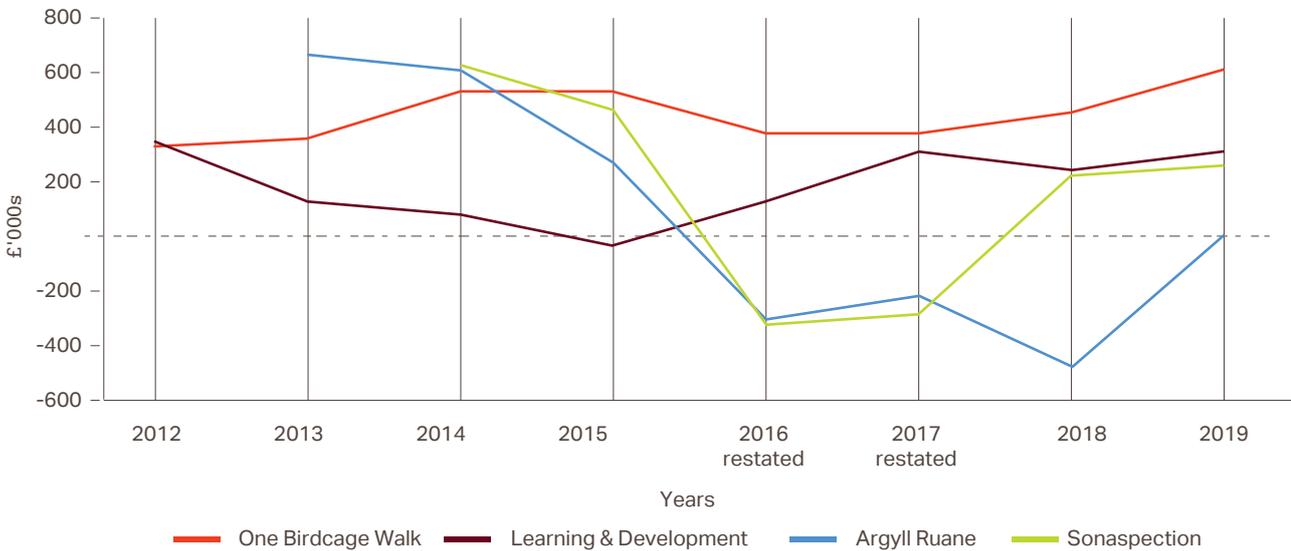


Chart 10. Commercial trading entities profit & loss trends 2012–2019 (£'000s)

The above chart shows unaudited management accounts by entity. The shared costs are excluded from these figures. While One Birdcage Walk is not an acquisition, the other three trading entities are all shown from the first full year of ownership. The Sonaspection results for 2016 and 2017 have been restated, reflecting the prior year adjustment noted on Note 2 of the 2018 accounts. At the date of signing, all entities are ahead of budget for the first three months of 2020 (unaudited management accounts). However, given the market volatility caused by the global outbreak of COVID-19, it is expected that, as noted previously, this will have a significant negative impact on the Institution’s trading and other activities over the remainder of 2020.

BALANCE SHEET

Our investments increased to £20.2M (2018 – £18.0M) mainly due to the £2.2M gain on investments with very small sales and purchases. Through the Stephenson LLP fund, we invested in early stage innovation companies until November 2018, in line with our charitable aim of being an impulse to innovation. At year end 2019, we had invested £1.8M in 11 companies (at year end 2018, £1.65M in 10 companies). The one investment made in 2019 fulfilled a commitment previously made in 2018. Further investment is now on hold, outside of the costs necessary to operate the fund for the remainder of its life.

Following the COVID-19 outbreak, the Institution's investment portfolio has been reduced as a result of the stock market falls around the world creating losses on investments. The Institution's investment policy, to hold investments in low to medium risk funds, and to diversify across different fund managers, has helped to moderate these losses. At the end of June 2020 the value of investments had fallen £1,247k (6.2%) from the balance sheet valuation as a result of market value movements.

Intangible assets increased to £2.7M (2018 – £2.1M) as we continued to invest in our digital modernisation programme. Parts of the CRM and technology platform developments went live, triggering the start of amortisation, which will increase sharply in 2020 as further elements of the programme are implemented.

Tangible fixed assets decreased marginally to £7.1M (2018 – £7.2M). A £1.9M gain was made on the disposal of the freehold property at 6 Old Queen Street, adjacent to our London headquarters, but this had minimal book value, having been purchased in 1899.

Due primarily to declines in interest rates during the year (which increase the value of liabilities), the pension fund moved from a deficit of £1.8M in 2018 to a £2.6M deficit at the end of 2019. The sensitivity of this fund is such that a 0.5% movement in interest rates leads to a £5.2M increase in pension liabilities. The aim of the Trustees of the Pension fund and the Institution is to transfer the total risk to an acceptable financial vehicle, such as an insurance company, in the medium-term.

Due to the £3.9M overall increase in funds, group reserves increased to £28.6M from £24.7M in 2018. The Institution continues to remain financially sound. The Trustee Board is committed to maintaining financial prudence and, in particular, making an overall surplus and increasing free reserves.

DEGREE OF FINANCIAL DEPENDENCY

The Institution is dependent on the voluntary efforts of its members. However, there is no significant degree of dependence on any single member or small group of members in respect of voluntary effort or financial contributions.

Income from events and publications is also derived from a significant number of independent sources. However, the success of these activities is dependent on the general state of the economy.

GOING CONCERN

The Trustees have considered several factors in concluding that the adoption of a going concern basis in the preparation of these financial statements is appropriate. These factors have included a summary of the key risks and uncertainties in the context of the Institution's operations (including COVID-19) and a review of the budgets and forecasts, including cash flows and sensitivity analysis. The updated forecast considers the mitigating actions the Institution can deploy and considers both immediate liquidity and longer term solvency, together with the impact on reserves.

Working capital requirements are met through a combination of income received from the Institution's activities, including commercial activities undertaken in the Institution's trading subsidiaries. The Institution has the ability to drawdown against funds held within the Institution's unrestricted investment portfolio if required. The Institution does not have any debt facilities.

The COVID-19 pandemic has had a significant, immediate impact on the Institution's operations. A key risk is in relation to the returns from commercial operations which have been impacted by social distancing requirements. The government guidelines introduced in March resulted in the cancellation of training, events and venue hire programmes both within the charity and the trading subsidiaries where the buildings have closed or customers have cancelled events. Some activities have now restarted and forecasts anticipate activities expanding through the third quarter, with a gradual build up through 2021. Other trading activity has not been significantly impacted.

Membership income is a key income stream and the Institution continues to ensure the delivery of value of being a member to guard against any decline here although increased lapsing is seen as an increased risk. This has been incorporated into the revised forecasts.

As detailed above, Trustees have reviewed sensitivities and approved a revised forecast to mitigate the impact of the pandemic which includes cost saving measures, utilising the support offered by the UK government through its Coronavirus Job Retention Scheme and a potential drawdown on reserves.

Having regard to the above the Trustees believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

SUMMARY OF FUNDS AND INVESTMENTS

General

A description of all the various funds included within the Institution's accounts is provided below.

Investment policy and returns

The Trustee Board has established an investment policy which is reviewed on an annual basis. The policy includes the following principles:

1. A diversity of investments will be held, in so far as is appropriate to the fund concerned. This may be achieved via a pooled investment vehicle like a unit trust or investment trust.
2. Investment policy will be appropriate to the needs of the fund.
3. Appropriately authorised investment managers will be employed.
4. Appropriately authorised nominees may be employed to hold individual stocks and shares. The investment managers work towards the following objectives:

Reserve Fund, General Trust & James Clayton Trust

Target asset allocations have been set for each fund with the objective of outperforming the relevant composite benchmark by 0.5% over rolling three-year periods. The composite benchmark being calculated using the asset allocations and an appropriate index for the asset class.

Other Trusts

Funds are invested in special pooled funds restricted to charity use. It is not appropriate to set individual objectives for these investments. However, performance is compared against statistics prepared by the Investment Management company.

A summary of the total annual rates of return (income and capital) achieved on investments during 2019 and, for comparison, 2018 is as follows:

	Return Year to 31.12.19	Return Year to 31.12.18
	%	%
Reserve Fund	12.5%	(5.9%)
General Trust	12.7%	(4.1%)
James Clayton Trust	12.8%	(4.3%)
Charities Official Investment Fund income units	22.4%	1.2%
Whitworth Scholarships Fund --- Charishare	5.1%	(9.9%)
Whitworth Scholarships Fund --- Charinco	9.8%	(0.4%)

Further details of the size and movements of these funds are shown in Note 18.

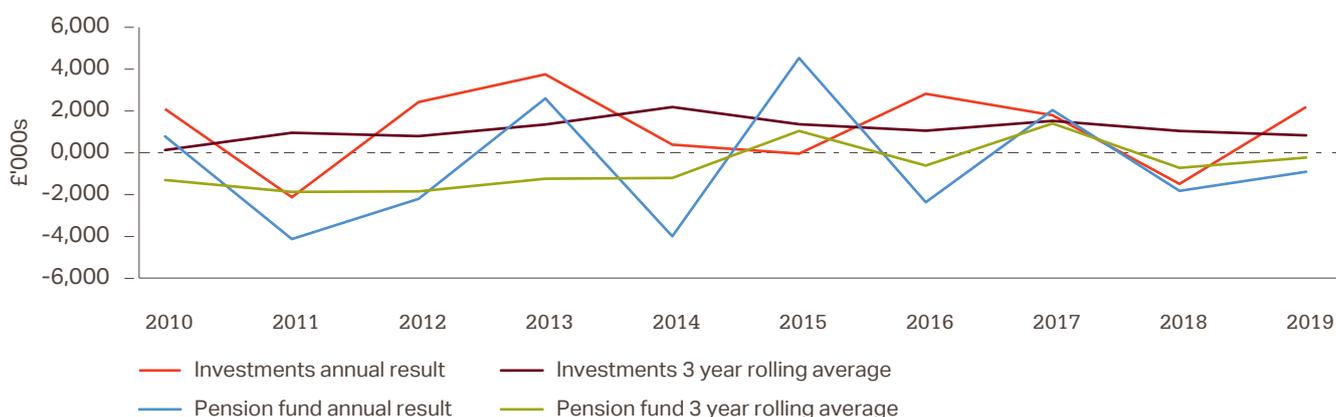


Chart 11. Investment and pension fund gains/losses trends (£'000)

“ ”

Intangible assets increased to £2.7M (2018 – £2.1M) as we continued to invest in our digital modernisation programme.

Anneka Kang AMIMechE

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

Under the trust deed and rules of the charity and charity law, the Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year. The Trustees have elected to prepare the financial statements in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The group and charity's financial statements are required by law to give a true and fair view of the state of affairs of the group and the charity and of the group's excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the Trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed and rules, 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 group and the charity will continue in business.

The Trustees are required to act in accordance with the trust deed and the rules of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

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

Fundraising

The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Disclosure of Information to Auditor.

The Trustees who held office at the date of approval of this Trustees' Annual Report confirm that, so far as they are each aware, there is no relevant audit information of which the Institution's auditor is unaware; and each Trustee has taken all the steps that he/she ought to have taken as a Trustee to make himself/herself aware of any relevant information and to establish that the Institution's auditor is aware of that information.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing documents, the Charities Act 2015 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, published on 16 July 2014.

This annual report was approved by the Trustee Board on 27 July, 2020 and was signed on its behalf by



Terry Spall,
President



P Peel,
Honorary Treasurer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSTITUTION OF MECHANICAL ENGINEERS

Opinion

We have audited the financial statements of Institution of Mechanical Engineers for the year ended 31 December 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Institution Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2019 and of the group's incoming resources and application of resources, including its income and expenditure 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 48, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

Date: 25 August 2020

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

**Institution of Mechanical Engineers - Consolidated Statement of Financial Activities,
Year ended 31 December 2019**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2019 Total £'000	2018 Total £'000
Income and Endowments from:						
Donations and Legacies		17	-	-	17	208
Charitable activities						
Membership Subscriptions		12,416	-	-	12,416	11,888
Technical		2,088	-	-	2,088	2,248
Professional Development & Membership		212	-	-	212	162
Information & Library Services		-	-	-	-	5
Marketing & Regional		199	-	-	199	203
Other trading activities						
Venue hire, Training, Learning & Development		9,760	-	-	9,760	7,981
Publishing Royalties		-	-	-	-	2
Investments						
Interest & Dividends	13	120	493	-	613	606
Other						
Other Income	23	1,885	-	-	1,885	-
Rents Receivable		743	-	-	743	684
Total		27,440	493	-	27,933	23,987
Expenditure on:						
Raising funds						
Non-charitable Trading Activities		10,886	-	-	10,886	10,307
Investment Management Costs		-	9	-	9	16
Charitable activities						
Technical		6,112	-	-	6,112	5,910
Marketing		1,372	-	-	1,372	2,389
Regional Activities		2,008	-	-	2,008	2,380
Professional Development & Membership		864	-	-	864	1,023
Information & Library Services		1,132	-	-	1,132	1,892
Membership Subscriptions		1,601	-	-	1,601	1,489
Public facilities - Birdcage Walk		725	-	-	725	729
Prizes, Awards and Scholarships		-	625	-	625	674
Total	3	24,700	634	-	25,334	26,809
Net income/(expenditure) before gains/(losses) on investment assets		2,740	(141)	-	2,599	(2,822)
Net gains /(losses) on investment assets	13	255	-	1,933	2,188	(1,497)
Net income/(expenditure)		2,995	(141)	1,933	4,787	(4,319)
Transfers between funds						
Other recognised gains/(losses)		-	-	-	-	-
Actuarial gains/(losses) on defined benefit pension scheme	10	(912)	-	-	(912)	(1,831)
Net movement in funds		1,936	6	1,933	3,875	(6,150)
Reconciliation of funds						
Total funds brought forward	25	12,700	3,022	9,013	24,735	30,885
Total funds carried forward		18	14,636	3,028	10,946	24,735

The notes to the accounts numbered 1 to 25 form part of these accounts.

**Institution of Mechanical Engineers - Consolidated and Institution Balance Sheets,
Year ended 31 December 2019**

	Notes	Group		Institution	
		2019	2018	2019	2018
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	11	2,690	2,113	2,690	2,113
Tangible assets	12	7,141	7,158	6,240	6,314
Investments	13	20,189	17,958	13,242	12,079
Total fixed assets		30,020	27,229	22,172	20,506
Current assets					
Stocks		445	446	-	-
Debtors	14	3,466	4,489	10,228	9,461
Cash at bank and in hand	15	5,530	2,782	4,148	1,597
Total current assets		9,441	7,717	14,376	11,058
Liabilities:					
Creditors: amounts falling due within one year	(16)	(8,222)	(8,316)	(9,574)	(7,573)
Net current assets or liabilities		1,219	(599)	4,802	3,485
Total assets less current liabilities		31,239	26,630	26,974	23,991
Net assets excluding pension liability		31,239	26,630	26,974	23,991
Defined benefit pension scheme liability	10	(2,628)	(1,895)	(2,628)	(1,895)
Net assets including pension liability	18	28,611	24,735	24,346	22,096
The funds of the charity					
Endowment funds		10,946	9,013	6,780	7,194
Restricted income funds		3,029	3,022	206	456
Unrestricted Funds		17,264	14,595	19,988	16,341
Pension reserves		(2,628)	(1,895)	(2,628)	(1,895)
Total unrestricted funds		14,636	12,700	17,360	14,446
Total charity funds	18	28,611	24,735	24,346	22,096

The financial statements were approved by the Trustee Board on 27 July 2020 and were signed on its behalf by:



T Spall,
President



P Peel,
Honorary Treasurer

The notes to the accounts numbered 1 to 25 form part of these accounts.

Charity registration Number: 206882

**Institution of Mechanical Engineers - Consolidated Statement of Cash Flows,
Year ended 31 December 2019**

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	21	1,852	(1,673)
Cash flows from investing activities:			
Dividends, interest and rent from investments	13	613	606
Purchase of property, plant and equipment	12	(738)	(515)
Proceeds from sale of property, plant and equipment	23	1,885	-
Purchase of investments	13	(84)	(7,363)
Purchase of intangible assets	11	(822)	(1,050)
Proceeds from sale of investments	13	50	10,360
Cash awaiting investment	15	(9)	44
Net cash generated from investing activities		895	2,082
Change in cash and cash equivalents in the reporting period		2,747	409
Cash and cash equivalents at the beginning of the reporting period	15	2,782	2,373
Change in cash and cash equivalents due to exchange rate movements		1	(2)
Cash and cash equivalents at the end of the reporting period	15	5,530	2,782

The notes to the accounts numbered 1 to 25 form part of these accounts

NOTES ON THE ACCOUNTS, YEAR ENDED 31 DECEMBER 2019

1 Accounting Policies

The Charity is registered with the Charity Commission (registered number: 206882), domiciled in the UK and is a public benefit entity and incorporated by Royal Charter in 1930. The address of the registered office is 1 Birdcage Walk, London, SW1H 9JJ

a) Basis of accounting

The financial statements have been prepared in accordance with the Statement on Recommended Practice: Accounting and Reporting by charities preparing their accounts in accordance with the Financial Reporting Standard applicable in UK and Republic and Ireland (FRS 102) ("the SORP") issued on 16 July 2014 and the Charities Act 2011 and UK General Accepted Practice as it applies from 1 January 2015.

The Financial statements have been prepared to give a true and fair view and have departed from the charities (Accounts and Reports) Regulation 2008 only to the extent required to give a true and fair view. This departure has involved following the SORP rather than Accounting and Reporting for Charities: Statement of Recognised Practice (revised 2005) which has been withdrawn.

The annual accounts have been prepared on the historical cost basis of accounting, modified to incorporate the revaluation of investments.

b) Going Concern

The Trustees have considered several factors in concluding that the adoption of a going concern basis in the preparation of these financial statements is appropriate. These factors have included a summary of the key risks and uncertainties in the context of the Institution's operations (including COVID-19) and a review of the budgets and forecasts, including cash flows and sensitivity analysis. The updated forecast considers the mitigating actions the Institution can deploy and considers both immediate liquidity and longer term solvency, together with the impact on reserves.

Working capital requirements are met through a combination of income received from the Institution's activities, including commercial activities undertaken in the Institution's trading subsidiaries. The Institution has the ability to drawdown against funds held within the Institution's unrestricted investment portfolio if required. The Institution does not have any debt facilities.

The COVID-19 pandemic has had a significant, immediate impact on the Institution's operations. A key risk is in relation to the returns from commercial operations which have been impacted by social distancing requirements. The government guidelines introduced in March resulted in the cancellation of training, events and venue hire programmes both within the charity and the trading subsidiaries where the buildings have closed or customers have cancelled events. Some activities have now restarted and forecasts, anticipate activities expanding through the third quarter, with a gradual build up through 2021. Other trading activity has not been significantly impacted.

Membership income is a key income stream and the Institution continues to ensure the delivery of value of being a member to guard against any decline here although increased lapsing is seen as an increased risk. This has been incorporated into the revised forecasts.

As detailed above, Trustees have reviewed sensitivities and approved a revised forecast to mitigate the impact of the pandemic which includes cost saving measures, utilising the support offered by the UK government through its Coronavirus Job Retention Scheme and a potential drawdown on reserves.

Having regard to the above the Trustees believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

c) Basis of consolidation

Consolidated figures for the Institution and group companies (see note.2 to the accounts) have been included in these financial statements for the year ended 31st December 2019. Companies acquired by the group are consolidated on an acquisition basis i.e. fair values are attributed to the Group's share of the net tangible assets and where the cost of acquisition (being the fair value of the purchase consideration and the expenses of the acquisition) is greater than the fair values attributable to such net assets, the difference is treated as goodwill.

When the outcome cannot be estimated reliably, income is recognised only to the extent of the expenses recognised that are recoverable.

Income from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest and dividends are recognised when receivable.

d) Incoming resources

Income is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

With the exception of Membership Income, all incoming resources are included in the SOFA when the Institution is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Legacies and donations are recognised when all the criteria have been met; entitlement when the Institution has been notified of distribution or legacy is received, the value is reliably measured and the likelihood of receiving the legacy is probable.

Membership subscription income is accounted for on the basis of the amount receivable for the year. Accordingly, the amounts received during the year in relation to future years are deferred.

Income from contracts for the provision of professional services (Professional development, Venue Hire, Training, Learning and Development categories) is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably.

e) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis at the following rates:

Freehold buildings:	2% or 4% per annum
Building improvements	
Leasehold buildings:	2% per annum
Building improvements	
Furniture and equipment:	20% to 33.3% per annum
Plant and equipment:	20% per annum
Freehold land is not depreciated.	

Fixed assets are regularly reviewed to consider whether they have been impaired and to ensure that the depreciation costs reflect their working life. Expenditure below £1,000 is not capitalised.

f) Goodwill

Goodwill represents the excess of the cost of acquisition of incorporated and unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill shall be considered to have a finite useful life, and shall be amortised on a systematic basis over its economic life of five years.

Where there are indications of impairment, an impairment review is undertaken to assess a recoverable amount, which considers a service potential and not cash flows.

g) Website and Digital Modernisation costs

Website costs are capitalised when it is probable that the expected future economic benefits that are attributable will flow to the Group and their costs can be reliably measured. Website and Digital Modernisation costs are initially recognised at cost and amortised over the expected useful life of five years.

h) Impairment of tangible and intangible assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in SOFA, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

i) Financial assets

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the company's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets including investment in equity instruments which are not subsidiaries, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised on the statement of financial activities.

Loan and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the statement of financial activities.

j) Financial Liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

Other financial liabilities

Other financial liabilities, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

k) Investments

It is the Group's policy to keep valuations of stock exchange listed investments up to date, such that when investments are sold there is no gain or loss arising relating to prior years. As a result the statement of financial activities does not distinguish between the valuation adjustments relating to sales and those relating to continued holdings, as they are together treated as changes in the value of the investment portfolio throughout the year. Investments not listed on a recognised stock exchange are valued at cost.

The Charity purchased the building in Sheffield which is occupied by its subsidiaries for the use in the production, supply of goods or services and for an administrative purposes. The building is therefore held at cost less depreciation in the accounts.

Social Investments

The Institution formed a limited partnership with Stephenson LP in February 2014 to make venture capital investments into a portfolio of Companies involved in or associated with young innovative engineering businesses. This investment has a genuine mixed motive because investment is being made both for financial return but also to advance engineering. The investment is held at cost less impairment as its fair value cannot be measured reliably. If there is objective evidence of impairment, then an immediate impairment loss is recognised in the statement of financial activities.

l) Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to Statement of Financial Activities.

m) Resources expended

Expenditure is included in the Statement of Financial Activities on a accruals basis and is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party. It is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

n) Stocks

Stocks are included in the financial statements at the lower of cost or net realisable value. Products in intermediate stages of completion are valued at the estimated cost incurred in bringing the products to their present location and condition.

Costs comprise direct material and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is estimated by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. These costs represented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

o) Retirement benefit

The Charity operates a pension scheme providing benefits based on the final pensionable pay. The assets of the scheme are held separately from those of the charity.

The defined benefit scheme was closed to new members with an effective date of 5 September 2002 and is closed to future accrual.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Additionally, a stakeholder pension plan has been established for employees who are not eligible to join the defined benefit pension scheme. The Group contributes to the stakeholder pension plan on a monthly basis and charges cost to the Statement of Financial Activities.

p) Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over the hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the statement of financial activities over the periods of the leases and hire purchase contracts are included as liabilities in the balance sheet.

q) Critical accounting estimates and judgements

In the application of the accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities have been outlined below:

Actuarial assumptions in respect of defined benefit pension schemes

The application of actuarial assumptions relating to defined benefit pension schemes is incorporated in the financial statements in accordance with FRS102. In applying FRS102, advice is taken from independent qualified actuaries. In this context, significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates.

Bad debt provision

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtors, the aging profile of debtors and historical experience.

r) Reserves

Unrestricted funds are those available for application against any of the charities objectives. Restricted funds are those only available for certain purposes defined by the provider of the original funds. Permanent endowment funds are those where the original gift may not be spent, only any income on those funds, which is placed into a related Restricted fund. Expendable endowment funds are those where both the income and the original capital may be spent.

2 Net Incoming Resources

The consolidated results for the Institution are presented in the statement of financial activities on page 22. These include the activity of the parent charity, The Institution of Mechanical Engineers, and the activities of its 100% owned subsidiaries, as detailed below. The incoming resources of the Institution alone for 2019 were £15,894k (2018: £15,677k), and resources expended in 2019 were £15,477k (2018: £10,080k).

Subsidiary Companies

Professional Engineering Projects Ltd, registered in England and Wales (Reg N 01103638), was established by the Institution as an organisation from which it could conduct the majority of its publishing activities, including the magazines that are made available to members. Whilst this main trade was disposed of during 2010, the company continues to carry on trading in non-charitable activities, mainly provision of training to engineers.

The company also has four wholly owned subsidiary companies, IMechE Services Ltd (Reg N 01361114), IMechE Engineering Training Solutions Limited (Reg N 01917207), Siantonas Ball Ltd (Reg N 01655732), Sonaspection Worldwide Limited (Reg N 04891363), all registered in England and Wales, which carry on non-charitable trading activities. These activities are consolidated on a line by line basis with the relevant amounts described as "Other non-charitable trading activities" under Incoming Resources and Resources Expended in the Consolidated Statement of Financial Activities. Both IMechE Engineering Training Solutions (previously Argyll-Ruane Limited) Limited and Siantonas Ball Ltd became dormant on 1st January 2014.

Sonaspection Worldwide has two wholly owned subsidiary companies, Sonaspection International Limited (Reg N 02050101) registered in England and Wales and Sonaspection Incorporated registered in the United States of America, which carry on non-charitable activities. These activities are consolidated on a line by line basis with the relevant amounts described as "Other non-charitable trading activities" under Incoming Resources and Resources Expended in the Consolidated Statement of Financial Activities.

The whole of the issued share capital of Professional Engineering Projects Ltd (£2) is held by nominees on behalf of the Institution. A summary of the company's consolidated profit and loss account is shown below. Audited accounts are filed with the Registrar of Companies for the individual companies. These figures are subject to the adjustments mentioned above prior to their incorporation in the Consolidated Statement of Financial Activities.

2 Net Incoming Resources (continued)

Subsidiary Companies

	2019			
	PEP £'000	Sona Int'l £'000	Sona Inc £'000	IMechE Services £'000
Turnover	6,045	2,736	1,155	-
Cost of sales	(1,935)	(1,639)	(754)	-
Gross profit	4,110	1,097	401	-
Distribution costs	-	(65)	-	-
Administration costs	(3,696)	(603)	(227)	(22)
Interest payable to the Institution	(60)	-	-	-
Profit/(loss) on ordinary activities before tax	354	429	174	(22)
Taxation	(77)	(58)	-	-
Profit/(loss) for the year	277	371	174	(22)
Total assets	5,193	2,831	307	75
Total liabilities	(7,363)	(1,175)	(337)	(94)
Total Funds	(2,170)	1,656	(30)	(19)

	2018			
	PEP £'000	Sona Int'l £'000	Sona Inc £'000	IMechE Services £'000
Turnover	4,999	1,971	1,143	16
Cost of sales	(1,797)	(1,078)	(698)	-
Gross profit	3,202	893	445	16
Distribution costs	-	(58)	-	-
Administration costs	(3,245)	(520)	(432)	-
Interest payable and similar charges	(11)	-	(4)	-
Profit/(loss) on ordinary activities before tax	(54)	315	9	16
Taxation	-	-	-	(9)
Profit/(loss) for the year	(54)	315	9	7
Total assets	5,518	4,613	788	80
Total liabilities	(7,965)	(3,329)	(650)	(77)
Total Funds	(2,447)	1,284	138	3

3 Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category.

For administrative purposes the Institution is divided into a number of directorates and then subdivided into departments. Accounting records permit the costs and revenues of all departments to be determined accurately.

The classification of costs in the Consolidated Statement of Financial Activities utilises this information to show expenditure broken-down into broad functional areas.

Where costs cannot be directly attributed to a particular heading, they have been allocated to activities on the basis of headcount and floor area.

Total resources expended	Direct Costs	Allocated Support Costs	Totals 2019
	£'000	£'000	£'000
Non-charitable activities	8,759	2,127	10,886
Investment Management Costs	9	-	9
Technical	4,399	1,713	6,112
Marketing	1,085	287	1,372
Regional Activities	1,554	454	2,008
Professional Development & Membership	598	266	864
Information & Library Services	-	1,132	1,132
Membership Subscriptions	1,601	-	1,601
Public Facilities – Birdcage Walk	-	725	725
Prizes, Awards & Scholarships	625	-	625
Total resources expended	18,630	6,704	25,334

Total resources expended	Direct Costs	Allocated Support Costs	Totals 2018
	£'000	£'000	£'000
Non-charitable activities	7,861	2,446	10,307
Investment Management Costs	16	-	16
Technical	3,852	2,058	5,910
Marketing	1,874	515	2,389
Regional Activities	1,758	622	2,380
Professional Development & Membership	618	405	1,023
Information & Library Services	478	1,414	1,892
Membership Subscriptions	1,489	-	1,489
Public Facilities – Birdcage Walk	-	729	729
Prizes, Awards & Scholarships	674	-	674
Total resources expended	18,620	8,189	26,809

3 Resources Expended (continued)

2019 Support Cost	Non- charitable activity	Marketing	Technical	Regional	Professional Development	Information & library	Public Facilities	Totals 2019	Basis of allocation
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Governance	704	93	331	155	72	393	269	2,017	Headcount
Finance & Admin	601	79	283	132	62	336	230	1,723	Headcount
Information & Technology	526	70	247	116	54	294	201	1,508	Headcount
House Services	223	35	793	35	70	70	-	1,224	Floor Area
Pension charge/ (credit)	73	10	59	16	9	39	25	231	Headcount
Total	2,127	287	1,713	454	266	1,132	725	6,703	
2018 Support Cost	Non- charitable activity	Marketing	Technical	Regional	Professional Development	Information & library	Public Facilities	Totals 2018	Basis of allocation
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Governance	775	166	477	204	119	465	250	2,456	Headcount
Finance & Admin	620	133	381	162	95	372	200	1,963	Headcount
Information & Technology	733	158	451	192	113	440	237	2,324	Headcount
House Services	176	28	630	28	55	55	-	972	Floor Area
Pension charge/ (credit)	142	30	119	36	23	82	42	474	Headcount
Total	2,446	515	2,058	622	405	1,414	729	8,189	

4 Taxation

The Institution is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 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.

The charity's trading subsidiaries are subject to corporation tax.

5 Transactions with Members of the Trustee Board

	2019	2018
	£'000	£'000
Travel and subsistence expenses	22	25
	No.	No.
Number of members reimbursed	12	14

All Trustee costs are reimbursements to Trustees for costs incurred in fulfilling their duties.

Neither the Trustees, nor any person connected with them, receive remuneration.

6 Indemnity Insurance

	2019	2018
	£'000	£'000
Indemnity insurance premiums paid	23	23

During 2019 the Institution paid for three insurance policies, covering professional indemnity, the liabilities of Trustees and "directors and officers" liabilities. Cover applies to the Trustee Board, ordinary members involved with Institution affairs and employees.

7 Staff

Staff Employed	2019	2018
Average numbers of staff employed throughout the year:	No.	No.
The Institution of Mechanical Engineers	125	117
Professional Engineering Projects Limited	43	43
Sonaspect International Ltd	16	15
Sonaspect Incorporated	7	8
Total employees	191	183

The above figures do not take into account whether the staff are part-time or full-time.

8 Employment costs

	2019	2018
	£'000	£'000
Salaries and benefits	7,987	7,960
Employer's social security costs	834	780
Employer's pension costs	446	421
GMP equalisation costs	-	317
	9,267	9,478

The numbers of employees whose emoluments, excluding employer's pension contributions, exceeded £60,000 are analysed as follows:

	2019	2018
	No.	No.
£60,001 - £70,000	11	15
£70,001 - £80,000	8	8
£80,001 - £90,000	1	7
£90,001 - £100,000	4	-
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
£130,001 - £140,000	-	1
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-
£190,001 - £200,000	1	-
£240,001 - £250,000	-	1
£410,001 - £420,000	-	1
	28	35

All of the above employees are members of the defined contribution scheme but not members of the defined benefit scheme.

During the year key management received remunerations and benefits of 2019: £634,000 (2018: £1,254,000). The remuneration of key management consists of salary, pension contributions and benefits in kind.

Number of Directors in 2019: 4 (2018: 5)

The charity designated four directors as key management personnel.

8 employees were made redundant during the year. The cost of redundancies of £173,579 was paid during 2019 (2018: 14 redundancies, cost £608,000).

9 Auditor's Remuneration

	2019	2018
	£'000	£'000
Fees for: the audit of these financial statements	52	53
Fees for: in relation to the prior year audit	56	63
Total	108	116

10 Pensions

The Institution operates a defined benefit scheme. A full actuarial valuation was carried out and updated to 31 December 2019, by a qualified independent company of actuaries. The major assumptions used by the actuary are detailed within this note to the financial statements. The defined benefit scheme was closed to new members with an effective date of 5 September 2002 and is closed to future accrual.

A Stakeholder pension plan has been established for employees who are not eligible to join the defined benefit pension scheme. The Institution has agreed to match employee contributions to the Stakeholder plan up to a maximum of 10% of salary. There is an outstanding contribution at the end of the financial year of £81,167 (2018: £141,336).

The total pension cost charge for the period represents contributions payable by the Institution to the stakeholder plan and amounted to £446,000 (2018: £421,000).

Assumptions	2019	2018
	%	%
Price inflation	3.00	3.25
Pension increases	2.00	2.25
Salary increases	3.50	3.75
Return on Assets	*	*
Discount rate	2.10	2.90

* Equal to the discount rate (in line with FRS102)

Mortality assumptions used in 2018 and 2019 are based upon the S1PxA tables adjusted to reflect the broad wealth characteristics of each member. Future improvements are assumed to be in line with the CMI projection model, assuming improvements have peaked. The long term improvement is assumed to be 1.25% p.a. (2018: 1.25% p.a.), declining at older ages.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

	2019	2018
Male currently age 40-45	88.7	88.9
Female currently age 40-45	91.0	91.2
Male currently age 65	87.3	87.5
Female currently age 65	89.5	89.7

10 Pensions (continued)

Life expectancies are shown for a male member with a pension greater than £13,000 p.a. and a female member with a pension greater than £4,750 p.a.

Movements in present value of defined benefit obligation	2019	2018
	£'000	£'000
At 1 January	53,069	56,020
Current service cost	180	160
Past service cost	-	317
Interest cost	1,513	1,422
Contributions by members	-	-
Actuarial (gains)/losses	5,859	(1,981)
Benefits and expenses paid	(1,977)	(2,869)
At 31 December	58,644	53,069

10 Pensions (continued)

Movements in fair value of plan assets	2019	2018
	£'000	£'000
At 1 January	51,174	56,248
Interest on assets	1,462	1,431
Employer Contributions	410	410
Return on plan asset less interest	4,947	(4,046)
Benefits paid	(1,977)	(2,869)
At 31 December	56,016	51,174

Analysis of Amount Credited/(Charged) in SOFA	2019	2018
	£'000	£'000
Current service cost	(180)	(160)
Past service cost	-	(317)
	(180)	(477)

The Scheme is a closed scheme and therefore under the projected unit credit method the current service cost would be expected to increase as the members of the Scheme approach retirement.

Analysis of Pension Finance (Cost) / Income in SOFA	2019	2018
	£'000	£'000
Interest on obligation	(1,513)	(1,422)
Interest on scheme assets	1,462	1,431
Interest on effect of asset ceiling	-	(6)
Net cost	(51)	3
Amount (Charged)/Credited to SOFA (Total operating charge less net return)	(231)	(474)

Sensitivity of the value placed on the liabilities

Adjustments to assumptions	Approximate effect on liabilities
Discount rate decreased by 0.5% p.a.	+ £5,200,000
Inflation increased by 0.5% p.a.	+ £2,300,000
Long term rate of mortality improvement increased to 1.5% p.a.	+ £600,000

10 Pensions (continued)

Analysis of Gains / (Losses) Recognised in SOFA	2019	2018
	£'000	£'000
Actuarial gains/(losses) on pension scheme assets	4,947	(4,046)
Change in impact of asset ceiling	-	234
Actuarial (losses)/gains on Obligation	(5,859)	1,981
Actuarial gain/ (loss) in Pension Scheme	(912)	(1,831)
Actuarial gain/(loss) in pension plan recognised in SOFA	(912)	(1,831)

Cumulative actuarial losses reported in the statement of total recognised gains and losses for accounting periods ending on 31 December 2019 are £15,535,000 (2018: £16,447,000).

Movement in Deficit During Year	2019	2018
	£'000	£'000
(Deficit) in scheme at 1 January	(1,895)	-
Current service cost	(180)	(477)
Employer contributions	410	410
Net return	(51)	3
Actuarial gain/(loss)	(912)	(1,831)
Deficit in scheme at 31 December	(2,628)	(1,895)

History of Experience Gains and Losses	2019	2018	2017	2016
	£'000	£'000	£'000	£'000
Experience adjustments on scheme assets	4,947	(4,046)	3,251	6,798
Present value of scheme assets	56,016	51,174	56,248	53,262
Experience adjustment on scheme liabilities	(5,859)	1,981	(988)	236
Present value of scheme liabilities	58,644	53,069	56,020	55,241
Deficit/surplus in scheme	(2,628)	(1,895)	-	(1,979)

The updated actuarial valuation updated to 31 December 2019 showed the scheme having a deficit of £2,628,000 (2018: deficit £1,895,000). The scheme benefits have remained unchanged through the year. The projected unit method was used in the valuation of the fund and the financial assumptions as to growth rate, inflation, pay increases and discount rate are set out above. It is assumed that the current service cost will increase as employees participating in the scheme near retirement age. There were no contributions outstanding at the end of the financial year (2018: £nil).

The Institution expects to contribute approximately £410,000 to its defined benefit plans in the next financial year.

11 Fixed Assets - Intangible Assets

	Goodwill	Website and DM costs	Total
Group and Institution	£'000	£'000	£'000
Cost			
At 1 January 2019	5,232	2,381	7,613
Additions	-	822	822
At 31 December 2019	5,232	3,203	8,435
Depreciation			
At 1 January 2019	5,232	268	5,500
Amortisation charged		245	245
At 31 December 2019	5,232	513	5,745
Net Book Value			
At 1 January 2019	-	2,113	2,113
At 31 December 2019	-	2,690	2,690

Website and Digital Modernisation Programme, Platform costs

The intangible assets for the Institution is represented by Website and Digital Modernisation (DM) costs. The website development was completed in March 2016 and begun being amortised from April. The DM projects started to come into use during 2019 although there are still significant amounts still in development. Both website and DM costs were purchased and developed by the Institution.

12 Fixed Assets - Tangible Assets

	Land and Property	Furniture and Equipment	Motor Vehicles	Total
Group	£'000	£'000	£'000	£'000
Cost				
At 1 January 2019	10,091	7,601	33	17,725
Additions	183	699	-	882
Disposals/write off	(3)	(141)		(144)
At 31 December 2019	10,271	8,159	33	18,463
Depreciation				
At 1 January 2019	4,085	6,449	33	10,567
Eliminated on disposals	(3)	(55)		(58)
Amount charged	359	454		813
At 31 December 2019	4,441	6,848	33	11,322
Net Book Value				
At 1 January 2019	6,006	1,152	-	7,158
At 31 December 2019	5,830	1,311	-	7,141
	Land and Property	Furniture and Equipment	Motor Vehicles	Total
Institution	£'000	£'000	£'000	£'000
Cost				
At 1 January 2019	9,887	5,347	-	15,234
Additions	183	256	-	439
Disposals	(3)	-	-	(3)
At 31 December 2019	10,067	5,603	-	15,670
Depreciation				
At 1 January 2019	3,917	5,003	-	8,920
Eliminated on disposals	(3)	-	-	(3)
Amount charged	359	154	-	513
At 31 December 2019	4,273	5,157	-	9,430
Net Book Value				
At 1 January 2019	5,970	344	-	6,314
At 31 December 2019	5,794	446	-	6,240

12 Fixed Assets - Tangible Assets (continued)

Transfers and reclassifications relates to certain assets which had previously been included in the incorrect category in error.

The Institution's head office at One Birdcage Walk is included in Land and Property above at its depreciated historical cost. The Trustees believe that its open market value is significantly in excess of this historical cost based on carrying value.

The Institution owns the freehold of One Birdcage Walk and its head office. Whilst part of the building is let out to third parties, the entire property is accounted for within tangible fixed assets at cost less depreciation as the fair value of the investment property component cannot be reliably measured without undue cost or effort.

Heritage assets

The institution holds a collection of heritage assets relating to the history of the Institution itself and the wider history of mechanical engineering, which includes printed works, pictures, and other artefacts. All these items have been donated to the Institution some time ago and so information on their cost or valuation is not available and cannot be obtained at a cost commensurate with the benefit to the users of the accounts and the charity.

13 Fixed Assets - Investments

Group	2019		2018	
	Cost £'000	Market Value £'000	Cost £'000	Market Value £'000
Analysis of Investments - UK				
Fixed Interest Unit Trusts	170	621	171	607
Equities Unit Trusts	1,312	6,326	1,312	5,273
Charities Official Inv. Fund Income Units	1,066	2,883	1,066	2,445
Cash	68	68	59	59
Stephenson LP	1,765	1,765	1,650	1,650
Property - let on 999 year lease	9	9	9	9
	4,390	11,672	4,267	10,043
Analysis of Investments - outside the UK				
Fixed Interest Unit Trusts	-	-	-	-
Equities Unit Trusts	-	-	-	-
	-	-	-	-
Multi-Asset Funds	7,925	8,517	8,003	7,915
Total Investments	12,315	20,189	12,270	17,958
Analysis of Funds and Ranges				
	2019		2018	
	Cost £'000	Market Value £'000	Cost £'000	Market Value £'000
Reserve Fund - Unrestricted				
Free range	3,039	3,188	3,044	2,940
Stephenson LP	1,765	1,765	1,650	1,650
	4,804	4,953	4,694	4,590
Whitworth Scholarships Fund				
Restricted	819	2,860	819	2,416
Endowment	663	4,087	663	3,463
	1,482	6,947	1,482	5,879
General Trust				
Wider range	3,482	3,820	3,544	3,581
Charities Official Inv. Fund Income Units	-	-	-	-
	3,482	3,820	3,544	3,581
James Clayton				
Wider range	1,473	1,577	1,475	1,453
Special - property	9	9	9	9
	1,482	1,586	1,484	1,462
Education & Research				
Charities Official Inv. Fund Income Units	829	2,220	829	1,883
Sundry Small Trusts				
Charities Official Inv. Fund Income Units	237	663	237	563
	12,316	20,189	12,270	17,958

13 Fixed Assets - Investments (continued)

The above figures refer to investments held by the Group, the figures for the Institution exclude the investments held by the Whitworth Scholarships Fund.

The investments of the Reserve Fund, General Trust and James Clayton Trust are managed by Schroder & Co Ltd. Investments of the Whitworth Scholarships Fund are managed by Blackrock Investment Management (UK) Ltd. The let property is part of the James Clayton Trust Fund and was included as part of assets left to the Institution in the will of the late James Clayton. A summary of the investment powers can be found in the Legal & Administrative Information section.

The Stephenson LP investment held within the Reserve fund is a social investment fund. The carrying value of investments in subsidiaries amounted to £2.

Movement of investments	2019	2018
	£'000	£'000
Market value at 1 January	17,899	22,393
Acquisitions	84	7,363
Sales proceeds	(50)	(10,360)
Net investment gain / (loss)	2,188	(1,497)
Market value (excluding cash) at 31 December	20,121	17,899
Cash awaiting investment	68	59
Total market value at 31 December	20,189	17,958
Historic cost at 31 December	(12,316)	(12,270)
Unrealised investment gain at 31 December	7,873	5,688
Net investment gain / (loss)	2,188	(1,497)
Total gains on investment assets	2,188	(1,497)
Interest & Dividends	2019	2018
	£'000	£'000
Dividends receivable from unit trusts	613	606
	613	606

All the dividend and loan stock interest arises from the investments detailed above.

14 Debtors

	Group		Institution	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	2,261	3,442	338	479
Other debtors incl VAT, other taxes	605	355	807	382
Prepayments and accrued income	600	692	471	622
Loans due from group companies	-	-	5,121	2,705
Amounts due from group companies	-	-	3,491	5,273
	3,466	4,489	10,228	9,461

Loans from group companies are charged interest at a rate of 2% above the National Westminster Bank base rate.

The loans due from group companies in 2019 are due in more than one year (2018 less than one year).

15 Analysis of Net Funds

	Group		
	Balance 1.1.2019	Cash Flows	Balance 31.12.2019
	£'000	£'000	£'000
Cash awaiting investment	59	9	68
Cash at bank and in hand	2,782	2,748	5,530

16 Creditors - Amounts falling due within one year

	Group		Institution	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade creditors	722	896	621	824
Other creditors	582	1,681	1,359	1,536
Amounts due to group companies	-	-	2,959	995
Accruals	1,189	316	-	-
Taxation and social security	246	248	-	-
	2,739	3,141	4,939	3,355
Deferred income	5,483	5,175	4,635	4,218
Total Creditors	8,222	8,316	9,574	7,573

Deferred income represents the value of membership subscriptions, property rents, and event income received in respect of the next calendar year.

Reconciliation of deferred income:

	Group		Institution	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Balance at 1 January	5,175	4,292	4,218	3,880
Amount released to income	(5,175)	(4,292)	(4,218)	(3,880)
Amount deferred in the year	5,483	5,175	4,635	4,218
Balance at 31 December	5,483	5,175	4,635	4,218

17 Analysis of Group Net Assets Between Funds

				2019
	Unrest'ted	Endow'nt	Restricted	Total
	£'000	£'000	£'000	£'000
Fund balances at 31 December 2019 are represented by:				
Intangible fixed assets	2,690	-	-	2,690
Tangible fixed assets	7,141	-	-	7,141
Investments	6,286	10,946	2,957	20,189
Current assets	9,029	-	412	9,441
Current liabilities	(7,882)	-	(340)	(8,222)
Defined benefit pension scheme liability	(2,628)	-	-	(2,628)
	14,636	10,946	3,029	28,611

				2018
	Unrest'ted	Endow'nt	Restricted	Total
	£'000	£'000	£'000	£'000
Fund balances at 31 December 2018 are represented by:				
Intangible fixed assets	2,113	-	-	2,113
Tangible fixed assets	7,158	-	-	7,158
Investments	6,068	9,013	2,877	17,958
Current assets	7,411	-	306	7,717
Current liabilities	(8,155)	-	(161)	(8,316)
Defined benefit pension scheme liability	(1,895)	-	-	(1,895)
	12,700	9,013	3,022	24,735

18 Capital & Income Funds - Analysis

Provided below is an analysis of the various funds included in these financial statements:

	Balance 1.1.2019	Incoming Resources	Resources Expended & transfers	Gains & (Losses)	Transfers	Balance 31.12.2019
	£'000	£'000	£'000	£'000	£'000	£'000
Movements in 2019:						
Unrestricted Funds						
Institution, Reserve Fund & PEP Ltd	12,700	27,440	(24,700)	(657)	(147)	14,636
Restricted Funds						
Whitworth Scholarships Fund	2,305	199	(158)	-	-	2,346
General Trust (includes legacy)	-	148	(295)	-	147	-
James Clayton Trust	133	60	(81)	-	-	111
Trust for Education & Research	336	67	(97)	-	-	306
Sundry small trusts	249	20	(2)	-	-	266
	3,022	493	(634)	-	147	3,029
	Balance 1.1.2019	Incoming Resources	Resources Expended	Gains & (Losses)	Transfers	Balance 31.12.2019
	£'000	£'000	£'000	£'000	£'000	£'000
Endowment Funds						
Whitworth Scholarships Fund	3,725	-	-	1,068	-	4,794
General Trust	2,299	-	-	301	-	2,600
James Clayton Trust	1,364	-	-	126	-	1,490
Trust for Education & Research	1,262	-	-	337	-	1,599
Sundry small trusts	363	-	-	101	-	463
	9,013	-	-	1,933	-	10,946
Total Funds	24,735	27,933	(25,334)	1,276	-	28,610

The restricted and endowment funds mainly comprise a number of trusts established by deed, holding resources set aside to provide prizes and awards to recognise achievement and generally foster progress in mechanical engineering. The restricted funds represent the income and expenditure of each trust and the endowment funds the capital held to generate investment income. The Trustee Board acts as sole corporate Trustee. The majority of the funds held originate from legacies and lifetime gifts donated to commemorate the achievements of prominent engineers. The General Trust and Trust for Education & Research were established with the agreement of the Charity Commissioners to aggregate the resources of a large number of smaller trusts with similar aims. The James Clayton Trust and some smaller trusts (for reasons of convenience totalled in the sundry category above) have more specific objectives and could not be included in the two main trusts. The Whitworth Scholarships Fund was originally established in 1868, with the Trusteeship being transferred from the UK Government in December 2001.

18 Capital & Income Funds - Analysis (continued)

	Balance 1.1.2018	Incoming Resources	Resources Expended & transfers	Gains & (Losses)	Transfers	Balance 31.12.2018
Movements in 2018:	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted Funds						
Institution, Reserve Fund & PEP Ltd	16,233	23,506	(26,119)	(2,109)	1,189	12,700
Restricted Funds						
Whitworth Scholarships Fund	2,263	198	(156)	-	-	2,305
General Trust (includes legacy)	-	142	(356)	-	214	-
James Clayton Trust	143	55	(65)	-	-	133
Trust for Education & Research	376	67	(107)	-	-	336
Sundry small trusts	235	20	(6)	-	-	249
	3,017	481	(690)	-	214	3,022
Endowment Funds						
Whitworth Scholarships Fund	4,479	-	-	(754)	-	3,725
General Trust	3,981	-	-	(279)	(1,403)	2,299
James Clayton Trust	1,479	-	-	(115)	-	1,364
Trust for Education & Research	1,317	-	-	(55)	-	1,262
Sundry small trusts	379	-	-	(16)	-	363
	11,635	-	-	(1,219)	(1,403)	9,013
		-	-			
Total Funds	30,885	23,987	(26,809)	(3,328)	-	24,735

19 Trust & Prize Fund Individual Accounts

GENERAL TRUST

Benefactors Comprise

James Bates	Thomas Bernard Hall
Horace Bedford	Herbert Edward Hancocke
Charles Sharpe Beecher	Francis Hewlett
William Bennett	Lord Hinton of Bankside
Joseph Bramah	Shirley Nelson Howe
T H Carr	Robert Herbert Innes
Thomas Andrew Common	Kenneth Harris James
Gresham Cooke	Anne Labrow
Winifred Smart Crabtree	Olive Mary Main
George Curry	Ernest William Moss
Bernard Incedon Day	The Reactionaries
Bryan Donkin	Charles Howard Readman
H V Disney	William Sweet Smith
A H Duncan	A M Strickland
Christian Peter Dunkel	Clifford S Steadman
John Edward Elliott	Thomas Stephen
James Moir Forbes	Thatcher Bros.
Sir Hugh Ford	Fredrick Barnes Waldron
Winifred Foreman	Edwin Walker
Andrew Fraser	Neil Watson
Thomas Lowe Gray	Viscount Weir
Donald Julius Groen	Frau May Borner Wylie

TRUST FOR EDUCATION AND RESEARCH

Benefactors and Predecessor Trusts Comprise

John F Alcock Memorial Prize	Frank Radcliffe
Carl Louis Breedon	Alfred Rosling Bennett Premium
Henry Stacey Cattermole	Clarence Noel Goodall
Engineering Applied to Agriculture	Charles S Lake
Filtration	Rover Midlander
M M Flatman	T A Stewart Dyer
Thomas Hawksley	Fredrick Harvey Trevithick
Hele-Shaw National Certificate	Sir Seymour Briscoe Tritton
Mrs P M Lowery	Stanley Herbert Whitelegg
Manville Bequest Scholarship	Safety Award in Mech. Engineering
E May	Starley Premium
Ludwig Mond	George Stephenson Research
F G Moore	Herbert Ackroyd Stuart
Arthur Morley Higher National Diploma	The Students Aid
John Player Lectureship	Water Arbitration
Raymond Coleman Prescott Scholarship	Willans Premium
William Alexander Agnew Meritorious	L Marson
Alastair Graham-Bryce	Margaret Winifred Astridge

The above trust funds are under the Trusteeship of the Institution of Mechanical Engineers.

Scholarships Fund was originally established in 1868, with the Trusteeship being transferred from the UK Government in December 2001.

The transfer from the unrestricted funds to the General Trust reflects the Institution decision to expend more resources in this area than could be supported from the income from the General Trust endowment fund and effectively funding the balance from unrestricted funds.

The Reserve Fund is the name used to describe the funds set aside by the Trustee Board out of surpluses generated in previous years. Its purpose is to provide investment income for day to day activities, capital for future major projects, as well as providing a contingency fund in the event of an interruption to normal flows of income.

19 Trust & Prize Fund Individual Accounts (continued)

The powers under which these monies are invested are set down in the By-laws of the Institution. From 13 February 2002 revised By-Laws came into effect which incorporates a "general investment power" in-line with the Trustee Act 2000. In addition, the By-laws grant the power to appoint an investment manager and to delegate to this post discretionary power in relation to the management of the Institution's investments.

There is also a power to appoint a corporate body as the Institution's nominee to hold the investments. All the Reserve Fund investments are managed by Schroder & Co. Limited, with their nominee company being used to hold investments.

Whitworth Scholarships Fund

On 11 December 2001, the Trusteeship of the Whitworth Scholarships Fund was transferred from the Secretary of State for Education and Skills to the Institution. The Whitworth Scholarships Fund was established in 1868 under a deed of covenant and trust between Sir Joseph Whitworth, a leading manufacturer of machine tools and famous mechanical engineer, and the then President of the Committee of Council on Education. The objective of the Trust Fund is to bring science and industry together through the awarding of scholarships for the study of mechanical and related sciences.

The Trust consists of two funds: the Endowment Fund representing permanent capital and the Restricted Fund representing the accumulation of unspent income.

Investments in both funds consist of common investments funds managed by Merrill Lynch Investment Managers Limited – Charishare invests in equities and Charinco invests in gilts and fixed interest stocks.

General Trust

The General Trust was created by the Institution on 25 April 1979 by trust deed as part of an exercise to consolidate a number of existing small trust funds. The purposes of the General Trust have been widely drawn to allow the Trustee Board flexibility in using the trust's resources.

The Trust Deed provides unrestricted investment powers, including the ability to appoint investment managers and to allow nominees to hold investments.

Schroder & Co. Limited manages the majority of the investments, with a small part being held in the form of Charities Official Investment Fund income units. The nominee company of Schroder's is used to hold the investments that they manage.

James Clayton Trust Fund

The James Clayton Trust Fund was established shortly after the Second World War under the will of the late James Clayton. The objects of the trust are to provide various prizes and awards in the field of mechanical engineering.

The will does not specify investment powers, hence the Trustee Act 2000 is the governing document for these purposes. On 6 August 1996, the Charity Commission issued an order under Section 26 of the Charities Act 1993 formally granting the power to appoint an investment manager and to delegate to this post discretionary powers in relation to the management of the Trust's investments. The order provides the power to appoint a corporate body as the Trust's nominee to hold the investments.

All the James Clayton Fund Investments are managed by Schroder & Co. Limited with their nominee company being used to hold investments.

19 Trust & Prize Fund Individual Accounts (continued)

Trust for Education and Research

The Trust for Education and Research was created on 18 January 1982 under a scheme organised with the aid of the Charity Commission whose purpose was to consolidate twenty-six small trust funds. The objects of the trust are to provide various prizes and awards in the field of mechanical engineering education and research.

The Trust Deed does not grant specific investment powers and since its formation all investments have been held in the form of Charities Official Investment Fund income units.

Bruce Ball National Certificate Prize Fund

This Trust was established in 1965 to provide a prize in remembrance of Bruce Ball. The conditions attached were too specific for the Trust to be included in a consolidation.

The Trust Deed provides no investment powers beyond those granted by Trust Law and all capital is invested in Charities Official Investment Fund income units.

Paul Henderson Memorial Trust Fund

This Trust was established on 5 March 1968 to provide a prize in memory of Paul Henderson, with conditions specific enough to preventing its inclusion in a consolidation.

The Trust Deed provides unrestricted investment powers. However, in view of the relatively small value of the Trust, all capital is held in Charities Official Investment Fund income units.

C C Pounder National Certificate Prize Fund

This Trust was established on 31 August 1965. The same comments as provided for the Bruce Ball Fund are applicable.

Tribology Award Fund

This Trust was established on 2 April 1969 to award annually a gold medal for outstanding achievement in the field of tribology.

The Trust Deed provides unrestricted investment powers. However, due to the relatively small value of the fund, all capital is invested in Charities Official Investment Fund income units.

James Watt International Medal Fund

This Trust was established on 31 August 1965. Its purpose is to award biennially a gold medal for outstanding achievement in the advancement of the science of mechanical engineering. However, in recent years the income generated has proved insufficient to pay for medals and the General Trust has purchased medals to allow awards to be made.

The Trust Deed provides investment powers identical to those available in the Institution By-Laws. However, because of the very small value of the fund, all capital is invested in Charities Official Investment Fund income units.

Spencer Wilks Trust

This Trust was established on 18 July 1973 to provide awards in the name of Spencer Wilks to promote, advance, assist, or encourage the study of and technical education in, the engineering aspects of transportation.

The Trust Deed provides unrestricted investment powers. However, because of the relatively small value of the fund, all capital is invested in Charities Official Investment Fund income units.

Research and Development Trust Fund

This Trust was established on 22 November 1995 to promote and support research and development in the field of mechanical engineering.

The Trust Deed provides unrestricted investment powers. However, as the trust currently does not hold any funds as capital, all income monies are placed on bank deposit.

20 Related Party Transactions

The Institution of Mechanical Engineers, the parent charity, has five 100% owned subsidiaries which carry on non-charitable trading activities. All transactions between the Charity and its subsidiaries have a trading nature i.e. providing training, executing payroll, carrying out HR functions etc.

At the year end the Institution of Mechanical Engineers had the following outstanding balances with its subsidiary companies:

	2019	2018
Amounts due from/to Professional Engineering Projects Limited	2,642,539	2,361,688
Amounts due from/to IMechE Services Limited	93,718	78,948
Amounts due from/to Sonaspection International Limited	-	2,236,769
Amounts due from/to Siantonas Ball Limited	222,692	222,692
Amounts due from/to Engineering Training Solutions Limited	730,773	730,773

All amounts are considered to be repayable on demand during the year.

	2019	2018
Transactions with Professional Engineering Projects Limited	358,687	665,441
Transactions with IMechE Services Limited	14,770	3,073
Transactions with Sonaspection International Limited	708,377	910,119

21 Reconciliation of net income to net cash flow from operating activities

	2019	2018
	£'000	£'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	4,787	(4,319)
Amounts written off	-	952
Adjustments for:		
Proceeds from sale of property	1,885	-
Amortisation	245	102
Depreciation charges (includes disposals, write off)	755	765
Dividends, interest and rent from investments	(613)	(606)
(Increase)/decrease in debtors	1,023	15
Increase/(decrease) in creditors	(94)	(82)
(Increase)/decrease in stocks	1	(61)
(Gain)/losses on investments	(2,188)	1,497
Net cash provided by/(used in) operating activities before pension scheme costs	2,031	(1,737)
Increase in Defined benefit pension scheme costs	(179)	64
	-	-
Net cash provided by/(used in) operating activities	1,852	(1,673)

22 Financial Instruments

	Group		Institution	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Financial assets measured at amortised cost	8,463	7,271	10,322	5,164
Financial liabilities measured at amortised cost	(2,493)	(2,893)	(4,939)	(3,355)
Financial assets measured at fair value	20,189	17,958	13,242	12,079

23 Other gains and losses

The Institution disposed of the building located at 6 Old Queen Street, London and generated a gain of £1,885k calculated as below:

	£'000
Sales proceeds (December 2019)	1,925
Legal costs, surveyor fees, valuation etc.	(40)
Gain on disposal	1,885

24 Post balance sheet event

The COVID-19 outbreak that has occurred since the financial year end is likely to have a significant effect on the financial position of the Institution during 2020. The Trustees anticipate significant impacts to several of its income streams including:

- membership income, due to increased lapsing
- The training, events and venue hire programmes both within the charity and the trading subsidiaries where the buildings have closed or customers have cancelled events on their own premises

These reductions have been partly offset by significant reductions in travel and event organisation and by taking advantage of the government staff furloughing scheme where appropriate.

In addition, the Institution's investment portfolio will be reduced as a result of the stock market falls around the world creating losses on investments. The Institution's investment policy, to hold investments in low to medium risk funds, and to diversify across to different fund managers, has helped to moderate these losses. At the end of June 2020 the value of investments had fallen £1,247k (6.2%) from the balance sheet valuation as a result of market value movements.

The investments held by the Defined Benefit Pension Scheme (see note 10) are also expected to be affected by the losses in the global markets, which could impact the next triennial valuation due in January 2021 and in turn require a further deficit reduction plan to be agreed.

The full impact of the COVID-19 outbreak cannot presently be estimated with any certainty, but the stress testing of the Institution's financial position has satisfied the Trustees that it has adequate reserves and mitigation strategies to deal with the impact of the outbreak as it unfolds.

25 Consolidated Statement of Financial Activities 2018

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2018 Total £'000	2017 Total £'000
Income and Endowments from:						
Donations and Legacies		208	-	-	208	10
Charitable activities						
Membership subscriptions		11,888	-	-	11,888	11,319
Technical		2,248	-	-	2,248	2,005
Professional development & Membership		162	-	-	162	153
Information & Library services		5	-	-	5	5
Prizes, Awards and Scholarships		-	-	-	-	-
Marketing & Regional		203	-	-	203	-
Other trading activities						
Venue hire, Training, Learning & Development		7,981	-	-	7,981	7,261
Publishing Royalties		2	-	-	2	5
Investments						
Interest & Dividends	13	125	481	-	606	652
Other						
Other income		-	-	-	-	-
Rents Receivable		684	-	-	684	639
Total		23,506	481	-	23,987	22,049
Expenditure on:						
Raising funds						
Non-charitable trading activities		10,307	-	-	10,307	8,526
Investment management costs			16	-	16	-
Charitable activities						
Technical		5,910	-	-	5,910	6,362
Marketing		2,389	-	-	2,389	2,014
Regional activities		2,380	-	-	2,380	2,258
Professional development & Membership		1,023	-	-	1,023	1,022
Information & Library Services		1,892	-	-	1,892	1,222
Membership subscriptions		1,489	-	-	1,489	1,028
Public facilities - Birdcage Walk		729	-	-	729	478
Prizes, Awards and Scholarships		-	674	-	674	751
Total	3	26,119	690	-	26,809	23,661
Net income/(expenditure) before gains/(losses) on investment assets		(2,613)	(209)	-	(2,822)	(1,612)
Net Gains /(losses) on investment assets	13	(278)		(1,219)	(1,497)	1,788
Net income/(expenditure) before amortisation of goodwill		(2,891)	(209)	(1,219)	(4,319)	176
Amortisation of goodwill		-	-	-	-	(202)
Net (expenditure)/income		(2,891)	(209)	(1,219)	(4,319)	(26)
Transfer between funds		-	-	-	-	-
Opening balance adjustment		-	-	-	-	-
Transfers between funds	18	1,189	214	(1,403)	-	-
Other recognised gains / (losses)		-	-	-	-	-
Amounts written off	23	-	-	-	-	(583)
Actuarial gains/(losses) on defined benefit pension scheme	10	(1,831)	-	-	(1,831)	2,035
Net movement in funds		(3,533)	5	(2,622)	(6,150)	1,426
Reconciliation of funds						
Total funds brought forward		16,233	3,017	11,635	30,885	29,459
Total funds carried forward	18	12,700	3,022	9,013	24,735	30,885

LEGAL AND ADMINISTRATIVE DETAILS

Name		Number of meetings attended	Number of meetings in session
The Institution of Mechanical Engineers			
Address of principal office			
1 Birdcage Walk, Westminster, London, SW1H 9JJ	Professor S B M Beck (retired 22 May 2019)	1	4
Charity registration numbers	HA Clarke (due to retire 24 May 2023)	7	8
The charity registration number of the Institution and subsidiary prize and award funds is 206882.	R C East (elected 22 May 2019, due to retire 25 May 2022)	3	4
The number for the Whitworth Scholarships Fund is 313756.	P Flinn (due to retire 25 May 2022)	8	8
Governing document and constitution	MP J Garside (due to retire 25 May 2022)	4	4
The Institution was founded in 1847 and was incorporated by Royal Charter in 1930. Copies of the Royal Charter and By-Laws are available from the Trustee Department at the London address.	GS Hartill (due to retire 26 May 2021)	7	8
Trustees	Dr C Hickman (retired 22 May 2019)	1	4
The Trustee Board comprises the President, President- Elect, four Vice-Presidents, an International Vice- President and five or more ordinary members. All Trustees are elected by the Corporate and Associate Membership of the Institution. Trustees are required to retire after a maximum of 3 years in post.	RG Hodgkinson (due to retire 25 May 2022)	8	8
Trustee Board met 8 times during 2019 (2018: 7).	Professor J A McGeough (elected 22 May 2019, retired 27 May 2020)	4	4
The names of those who served as Trustees during the year and at the date of approval of this document are as follows:	Dr H M Meese (resigned 10 May 2020)	6	8
	Professor D Nowell (elected 22 May 2019, due to retire 25 May 2022)	3	4
	R O'Brien (elected 27 May 2020, due to retire 24 May 2023)	-	-
	P J Peel (due to retire 25 May 2022)	8	8
	V Raman (appointed 24 July 2019, due to retire 24 May 2023)	3	3
	HC Rivers (due to retire 24 May 2023)	8	8
	A D Roche (retired 22 May 2019)	3	4
	T Spall (elected 22 May 2019, retires 26 May 2021)	4	4
	S M Suleyman (retired 27 May 2020)	8	8
	A L C Taggart (retired 22 May 2019)	4	4

'Elected' and 'retired' relate to the normal transition of Trustees at the beginning and end of their periods of elected office. 'Appointed' and 'resigned' relate to other changes outside this normal process.

Chief Executive

Colin Brown

Key Management Personnel

This includes the Chief Executive and three directors: Finance and Commercial Director, HR Director and Membership Operations Director.

Professional advisers

Auditor:

Crowe U.K. LLP St. Bride's House, 10 Salisbury Square
London, EC4Y 8EH

Bankers:

National Westminster Bank plc, P O Box 113, Cavell
House, 2a Charing Cross Road London, WC2H 0PD

CAF BANK Ltd PO Box 289, Kings Hill West Malling,
Kent ME19 4TA

Investment managers:

Schroder & Co Limited, 12 Moorgate London,
EC2R 6DA

Blackrock Investment Managers Limited, 33 King
William Street London, EC4R 9AS

CCLA Investment Management Limited 80 Cheapside
London, EC2V 6DZ

Solicitors:

Bristows, 100 Victoria Embankment London,
EC4Y 0DH

Pension advisers:

Barnett Waddingham LLP. Decimal Place Chiltern
Avenue Amersham HP6 5FG

Institution of Mechanical Engineers

1 Birdcage Walk
Westminster
London SW1H 9JJ

T: +44 (0)20 7222 7899
E: enquiries@imeche.org
W: imeche.org