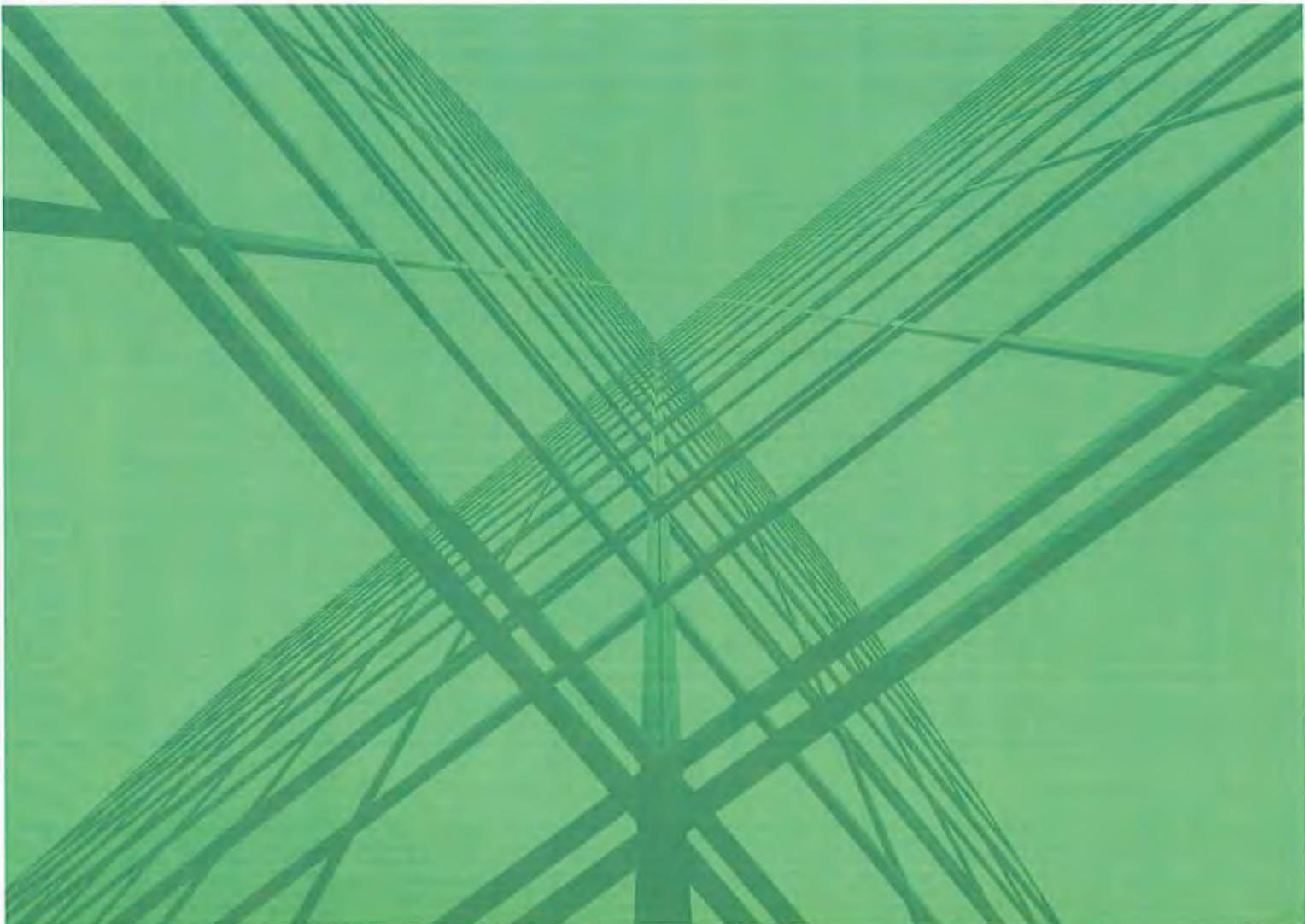


ANNUAL REPORT AND ACCOUNTS

For the year to 31 December 2022



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1. Introduction

The Institution is a registered charity, registered and regulated by the Charity Commission in England and Wales ("the Charity Commission"), and the Office of the Scottish Charity Regulator ("OSCR").

The Institution's Board (whose members are the Trustees of the Charity) submits its annual report and accounts for the Institution of Structural Engineers for the year ended 31 December 2022. In preparing the report, the Board has complied with the Charities Act 2011 (and any new provisions in force from the Charities Act 2022), the Charities and Trustee Investment (Scotland) Act 2005, the Statement of Recommended Practice – Accounting and Reporting by Charities (2015) ('SORP') and applicable accounting standards.

2. Objects and Activities

2.1 Objects

The Institution's objects, which are laid down in its Royal Charter are;

to promote for the public benefit the general advancement of the science and art of structural engineering in any or all of its branches and to facilitate the exchange of information and ideas relating to structural engineering amongst members of the Institution and otherwise.

2.2 Aims

The Institution's aim is to accredit and support a corps of highly qualified structural engineers for the safe, sustainable, effective, and efficient design, construction, adaptation, maintenance and refurbishment of buildings, bridges, and other structures throughout the world.

2.3 Main Activities

The Institution, in furtherance of its objects to promote for the public benefit the general advancement of the art and science of structural engineering, continued to maintain and disseminate information and ideas on structural engineering to its members. Activities were focussed on:

- ▶ Maintaining high standards of professional qualifications for structural engineering.
- ▶ Assisting members to maintain and enhance their professional competence.
- ▶ Fulfilling the Institution's learned society role.
- ▶ Promoting the Institution and the profession of structural engineering.
- ▶ Ensuring on-going value for money and efficiency in the management of the Institution's affairs.
- ▶ Valuing members' voluntary time in supporting the activities of the Institution and utilising that support as effectively as possible.

2.4 Objectives for 2022

The objectives for 2022 included:

- ▶ To continue to invest in activities aligned with the Institution's vision of Competence, Communities, and Inclusivity.
- ▶ To continue to invest in responding to the climate change emergency by setting/raising standards, including enhancing competence, a review of CPD requirements and by providing a suite of guidance notes and tools to support the profession worldwide.
- ▶ To continue to contribute to the review of the building safety regulatory system following the Grenfell Tower tragedy.
- ▶ To continue the promotion of CROSS in the US (CROSS-US) and Australasia (CROSS-AUS) and explore opportunities to further expand the initiative internationally.
- ▶ To continue to focus on growing the membership pipeline and to promote progression through the grades of membership, including the introduction of the designation "GIStructE"; the introduction of online/hybrid Supplementary Examinations in the U.S., Singapore and China; the implementation of new Professional Review Interview and Examination requirements; and increasing support to candidates preparing for the Professional Review Interview and examinations.
- ▶ Delivery of those elements of the governance review agreed by the Board and further review of the Institution's proposals to improve governance arrangements, set out in "Structured for Success".
- ▶ Further improving equality, diversity and inclusivity across the Institution's Board, Council, Committee and Panel structures.
- ▶ To progress the Institution's Digital Transformation programme through the improvement of departmental systems via the new CRM and further website development and integration work.
- ▶ To continue to build online content with more webinars and online CPD; to grow the uptake of companies using the Institution to provide in-house training and develop bespoke courses.
- ▶ To continue to develop collaborative relationships with international organisations to enable shared access to technical/educational material and the promotion of the Affiliate Scheme.

2.5 Public Benefit

2.5.1 Benefits from aims

The general public throughout the world benefit from a safe and well-designed infrastructure provided by the highly skilled members of the Institution. This has a knock-on effect benefitting the world economy by providing employers with employees (who are Institution members) having an internationally recognised specialist professional qualification.

Public benefit is also gained from the ongoing professional support provided to members to keep their knowledge and skills up to date and relevant.

2.5.2 Membership benefits

The Institution is a membership organisation and members' annual subscriptions form a significant part of the Institution's income, which is used to fund its activities for the public benefit. Members themselves receive benefits through the Institution's dissemination of knowledge and best practice, and from their membership of a professional body with high standards of entry and continuing membership. However, it is only with and through its members that the Institution can continue to fulfil its objects and provide benefit to the public as a whole.

2.5.3 Charity Commission and OSCR Guidance

The Board has regard to guidance on public benefit published by the Charity Commission for England and Wales ("the Charity Commission") and that by the Office of the Scottish Charity Regulator ("OSCR"), when exercising its powers and duties and where such guidance is relevant. The Trustees have considered the Charity Commission's and OSCR's general guidance on public benefit and have taken it into account when reviewing the Institution's aims and objectives and in planning its future activities.

3. Achievements and Performance

3.1 Overall Review

2022 saw the Institution making good progress in support of the Board approved strategy. As we continued to emerge from the Covid-19 Pandemic restrictions, there continued to be some challenges in meeting core objectives, however with appropriate adaptations in place, the following objectives set for 2022 were accomplished:

- ▶ The Institution continued to invest significant resources in responding to the Climate Change emergency. Through its Senior Engineer for Climate Action and the work of the Climate Emergency Task Group (CETG), the Institution continues to make a major impact and progress both in support of learning and development within our profession via internal programmes and in collaborative activities across a range of cross-sector initiatives, including:
 - ▶ Sustainability/climate related CPD is now recognised in a similar manner to the requirement for members to undertake CPD in structural safety. Development of guidance encouraging members to undertake climate related CPD in 2023, which will form part of their reporting requirements in 2024.
 - ▶ The development of a range of materials, exchange forums and events to support members.
 - ▶ The launch of the new competition entry requirements for *The Structural Awards* in respect of climate change and action.
 - ▶ IStructE's significant contribution to the drafting of Duncan Baker MP's speech to Parliament relating to regulation on embodied carbon in construction. The Private Member's Bill was approved to be taken forward to a second reading. In this context, IStructE jointly sponsored and contributed to a reception in the House of Lords for parliamentarians and senior civil servants in March 2022.
 - ▶ Collaboration with the UK Green Building Council (UKGBC) and relevant partners, to develop a Net Zero Buildings Verification Standard.
- ▶ The launch of the new IStructE Code of Conduct including promotional material aimed at members and the general public positively demonstrating the attributes of conduct we expect of our members that goes beyond their technical and engineering competence, including obligations towards sustainability and equality, diversity and inclusion.

- ▶ During the year the Institution continued its collaboration with other professional bodies around the world including other professional engineering institutions, the Engineering Council, the Royal Academy of Engineering (RAEng) and the Construction Industry Council (CIC) on matters of mutual interest. Of particular note is the continuing collaboration in the review of the building safety regulatory system following the Grenfell Tower tragedy, including:
 - ▶ Input to the UK Building Safety Act through representation across the many industry activities relating to developments post Grenfell.
 - ▶ Development of the concept for a new Structural Engineering Competence register. Including the development of contextualised standards, competence standards and benchmarks for assessment in line with the aspirations of the Building Safety Act.
 - ▶ Development of resources and activities to prepare members for the introduction of the Act including the provision of publications, courses, and workshops. This will be a major element of work for the Institution throughout 2023.
 - ▶ Collaborative Reporting on Safer Structures (CROSS). We continue to engage with the Building Safety Regulator about operation of a Voluntary Reporting Scheme as required under the Act.
 - ▶ Securing further additional substantial government funding from the Department for Levelling Up, Housing and Communities (DLUHC) to continue the operation of the expanded structural safety reporting scheme to include fire safety.
 - ▶ Development of relationships across the industry to include those involved in the design, construction and management of buildings including the Fire Sector Federation, Local Authority Building Control, RICS, the Fire Protection Association, BRE Global, RIBA and the Office for Product Safety and Standards and others.
 - ▶ Continued promotion of the requirement for members to undertake CPD in structural safety as part of their mandatory CPD obligation.
- ▶ During the year the Institution Board focussed on the key priority areas in relation to the modernisation of the Institution's governance identified by 'Structured for Success (S4S)' including:
 - ▶ Implementation of Bye-Law and Regulation changes following Privy Council approval to change the Bye-Laws.
 - ▶ The election of Vice Presidents from established worldwide electoral regions.
 - ▶ The election of members to Council.
 - ▶ The election of Council members to the Institution's Nominations Committee.
 - ▶ Continued review of proposals in relation to governance arrangements of UK Regional Groups and the implementation of 3-pilot Regional Groups under the new structure.
 - ▶ The launch of the "GIStructE" designation to graduate members who have successfully completed the Certificate in Structural Behaviour.
 - ▶ Delivery of targets set out in relation to developing our credentials as an inclusive Institution.
 - ▶ Data collection protocols have been established for the roll-out and collection of data on Members relating to ethnicity and disability.
- ▶ The Digital Business Transformation Project continued, including:
 - ▶ Further website development and integration work.

- ▶ New projects relating to website enhancements including the rebranded and re-formatted Structural Awards platform promoting the new themed categories of People, Projects, Processes, and the Profession. The platform includes video clips and historic entry synopses and is firmly outwardly focused providing an excellent resource facility for promoting structural engineering to non-technical audiences.
- ▶ A User Experience (UX) research project to assess member requirements for the development of the Community Platform project which will provide robust digital community services enabling increased engagement and the promotion of dialogue with members and others.
- ▶ The audit of current Audio-Visual systems with a view to overhaul and upgrade systems in 2023.
- ▶ Development of a new Cyber security Institution framework and working towards accreditation based on the Centre for Internet Security guidelines.
- ▶ The Institution continued to support membership engagement and growth.
 - ▶ Following the review of the Institution's qualifying standards and processes in 2021, the revised Regulations were published but the first interview based on the new standards for the Initial Professional Development (IPD) criteria and its assessment through the Professional Review Interview (PRI) will be from 1 September 2023.
 - ▶ Bye-Law changes were approved at AGM in relation to changes to membership grades Associate-Member (AMIStructE) and Associate (AIStructE), and the introduction of Affiliate as a formal membership grade. Thereafter followed a formal application and submission to the Privy Council to change the Bye-Laws.
 - ▶ The Institution became a Licenced Member of the Society for the Environment, this will provide the ability to award the Chartered Environmentalist (CEnv) title and designation to suitably qualified members. The first CEnv reviews are to be conducted in 2023.
- ▶ The continued adaptation of the Institution's learning and development provision to include:
 - ▶ 60 CPD courses (80% delivered online and 20% delivered in person)
 - ▶ 23 in-house CPD courses (43% delivered online and 57% delivered in person)
 - ▶ Six free or low-cost conferences including:
 - ▶ Young Researchers, Sustainability, Annual Academics, FibUK DISC (online)
 - ▶ Young Engineers, Structural Engineers Declare (in person)
 - ▶ 31 free technical webinars
 - ▶ Four technical eConferences: Timber, Concrete, Steel and Structural rehabilitation (all hybrid). Some of the content of which has been re-purposed into bite-sized packages so that it can be made available more widely.
 - ▶ Learned Society events included: nine online evening lectures, Presidential Address, Maitland Lecture, Annual General Meeting and Gold Medal Address (hybrid events)
 - ▶ Structures research journal exceeded expectations receiving nearly 5000 submissions in 2022.
 - ▶ Two publications: Examples for the seismic design of steel and concrete buildings to Eurocode 8 and *How to calculate embodied carbon*
- ▶ The Institution's wholly owned trading subsidiary Structural Engineers Registration Ltd (SER) operates Schemes of Certification of Design (Building Structures) under the Building (Scotland) Act 2003 for the

Scottish Government Building Standards Division, and a similar Scheme for the States of Jersey. 2022 continued to see good certificate numbers (23,099) compared with 2021 (24,904) and 2020 (20,894).

- ▶ The Institution's Regional Groups (20 UK RGS and 12 International RGS) continued to meet regularly on-line and in person where possible. Regional Groups continued throughout 2022 to:
 - ▶ provide quality CPD and interesting lectures for members.
 - ▶ assist with the assessment and processing of membership applications in their region.
 - ▶ engage with universities and schools to promote the importance of the profession and the Institution.
 - ▶ provide representation on the Institution's Council, committees, panels and study groups.

4. Financial Review

4.1 Trustees' Responsibilities for the accounts and financial statements

The Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005, requires the Trustees to prepare financial statements for each financial year which give a true and fair value of the state of affairs of the charity at the end of the year and of the incoming and outgoing resources for the year then ended.

In preparing those financial statements, the Trustees are required to select suitable accounting policies and then apply them consistently, making judgements and estimates that are reasonable and prudent. The Trustees must also prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charity will continue its activities.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. The Trustees are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are satisfied that these requirements are being met.

4.2 Review of the year

The Group posted a surplus for the year ended 31st December 2022 of £592k (2021: £1,138k). Total Group income was £8.6m (2021: £8.1m), with £5m (2021: £5m) coming from members' subscriptions and qualification fees and £3.6m (2021: £3.1m) from other sources including trading subsidiaries. Repayments on the mortgage (circa 12% of asset value) taken to fund the redevelopment of the building in Bastwick Street in 2014 and to support capital projects (including the ongoing Digital Transformation project), were fully discharged within the forecast cash flow parameters agreed by the Board and the Institution's bankers.

Some 59% of the Institution Group's income comes from membership and qualification activities; 2% from advertising and online income from The Structural Engineer; 15% from the trading activities of SER; 12% from publications sales, courses and conferences. The remaining 12% was derived from a range of activities across the charity and trading companies.

4.3 Reserves

At the end of 2022, the Institution had total Unrestricted Reserves of £11.6m. The majority of these are Designated Funds (£6.9m), in particular the Bastwick Street Fund (£4.8m), with General Funds of £4.7m. The remaining reserves are made up of Restricted Funds of £242k and Permanent Endowment Funds of £32k.

The Institution uses two tests to monitor the adequacy of its Reserves – Free Reserves and Free Cash Reserves:

- Free Reserves are calculated using the total Unrestricted Funds, less Designated Funds (excluding the Bastwick Street Fund and the Mortgage Repayment Fund) and Fixed and Intangible Assets, adding back the loan used for the redevelopment of Bastwick Street. The Free Reserves position is monitored on an annual basis to ensure it is adequate and is in line with the Institution's operational requirements at that time.

As at 31 December 2022, the Institution had Free Reserves of £1.9m (the comparable 2021 figure was £0.9m).

- The Free Cash Reserves policy was set in 2019 with the target that our free cash balances, representing the Institution's bank accounts excluding those held for restricted purposes, should be equivalent to three months of expenditure, currently approximately £2.0m.

The minimum free cash balance figure during 2022 was £4.6m which is substantially higher than the target set by the Board. With the advance receipt of subscriptions for 2023, Free Cash Reserves were £5.1m as at 31st December 2022.

4.4 Funds

The Institution's restricted and designated funds are described in notes 18 and 19 to the Financial Statements, respectively.

The Board decides on a year-by-year basis the amounts that are placed in each designated fund and monitors actual income and expenditure against the operating forecast. The one major change in the current year has been, within Designated Funds, to add a Mortgage Repayment Fund of £700k in respect of the mortgage on our Bastwick Street offices.

4.5 Final Salary Pension Scheme

The Institution has, in prior years, contributed to the Institution of Structural Engineers (1973) Pension and Life Assurance Scheme ('the Scheme') at rates set by the Scheme Actuary and as advised to the Trustees by the Scheme Administrator. In accordance with FRS102, the Scheme is accounted for as a defined benefit scheme.

In the period to November, 2021, the Institution concluded a Buy-in arrangement with Legal & General ('L&G') which resulted in the Scheme's assets being transferred to L&G. The transferred assets comprise the insured annuities for the value of member benefits under FRS102. At this point, L&G assumed responsibility for making the payments due to the members of the Scheme, with the Institution retaining the legal responsibility for the payment of all member benefits.

The Institution is working with L&G and the Scheme members to agree a Buy-out arrangement where the members will have a direct legal relationship with L&G who will then take responsibility for paying pensions directly to each individual Scheme member. It is expected that this buy-out arrangement will be concluded in 2024.

With the completion of the Buy-in:

- effective December 2021 the Institution has made no further contributions into the Scheme, although it continues to meet the costs of administering and operating the Scheme;
- and, in line with the accounting policy adopted in last year's financial statements for the year ending December 31, 2021, the Institution has chosen not to recognise within its Balance Sheet any deficit or surplus on the Scheme calculated under FRS 102.

In addition, within Designated Funds, the Institution holds an Employee Pensions Fund of £157.3k (2021 £280.4k) to cover the ongoing costs of the Scheme including the cost of completing the Buy-out arrangement.

Full information on the Final Salary Pension Scheme is given in Note 22 to the Financial Statements.

4.6 Grant making policy

4.6.1 The Institution and Regional Group Awards

As a learned society, the Institution has a vision to lead, support and nurture the development of structural engineering worldwide by upholding high standards, building knowledge communities, and promoting structural engineering. In furtherance of this vision the Institution encourages its members to pursue excellence in their work and contribution to the profession and wider society. The Institution celebrates outstanding contributions from structural engineers and awards are given each year to members and non-members for the technical papers, presentations at meetings in the regional groups, for the best students at higher educational establishments in regional areas, and for newly built/refurbished structures. Each of these award winners receive a certificate. Some also receive a plaque or a financial reward (in the £50-£200 range).

4.6.2 Research Fund

The Institution's Research Fund (administered by the Research Panel, which reports to the Structural Futures Committee) makes grants to support research in structural engineering in both industry and academia, including at undergraduate and master's level. It also supports young researchers through the annual Young Researchers' Conference.

5. Plans for Future Periods

5.1 Long and medium-term strategy

The Institution Trustee Board approved a strategy to guide its direction of travel from 2015 to 2020 and to inform the longer-term period to 2025. The strategy is supported by a rolling 5-year business plan.

In summary the strategy is two-fold:

- ▶ An Institution committed to competency.
- ▶ An Institution founded on communities.

As a long-term strategy, the Institution has a vision that consolidates its existing position as the leading international specialist professional body for structural engineers committed to supporting the well-being of society through activities that assist structural engineers acquire, maintain, and develop the necessary competencies to practice.

The Institution has also identified engineering themes that it can champion to promote dialogue both internally and externally with audiences that extend beyond its own current constituency of structural engineers. The broad areas of interest are:

- ▶ Safety of society.
- ▶ Sustainability of society and the Climate Emergency.
- ▶ Value to society.

The Institution's continued major programme of digital transformation is a critical component of connecting a worldwide cohort of engineers. Development of the Institution's web platforms increases the ability to access and share relevant information between member communities that may be founded on areas of common interest, need and expertise.

5.2 Looking ahead to 2023

The Board has endorsed a programme of objectives for 2023 in support of the strategic plan. These include the following activities:

- ▶ The continuation of investment in responding to the climate change emergency
 - ▶ The evaluation and implementation of an internal action plan, continuing to set and raise standards, and adding to the suite of guidance notes and tools to support the profession worldwide.
 - ▶ The continuation of the collaborative venture with the Green Building Council (and others) to develop a Net Zero Carbon Buildings Standard.
 - ▶ IStructE involvement with COP28 in Dubai.
- ▶ To continue to contribute to the Building Safety Act including the development of a range of support materials and events for members, the development of a Structural Competence Register and to develop protocols for re-validation of competence.
- ▶ To continue the promotion of CROSS in the US (CROSS-US) and Australasia (CROSS-AUS) and explore opportunities to further expand the initiative internationally and to embrace other engineering sectors.
- ▶ To develop plans in collaboration with the Institution of Civil Engineers in respect of "Cross-future"
- ▶ Delivery of those elements of the governance review agreed by the Board and further review of the Institution's proposals to improve governance arrangements and the regional group structures, set out in "Structured for Success" including:
 - ▶ Embedding UK Regional pilots as precursor to complete UK coverage, implementation of new Regional Group regulations to support the roll out.
 - ▶ Consolidation of non-UK Regional Groups
- ▶ To progress the Business Transformation Project through the utilisation of the new CRM and further website development and integration work, including:
 - ▶ the roll-out of the first wave of Community Platforms

- ▶ a complete cyberspace audit.
- ▶ completion of the installation of A/V upgrade equipment.
- ▶ SER web platform rebuild.
- ▶ To continue to support membership engagement and growth through:
 - ▶ the promotion of AIStructE and Affiliate providing more accessible routes to, and between, grades of membership
 - ▶ further development of more accessible assessment methodologies
 - ▶ continue to promote GIStructE & the Certificate in Structural Behaviour
 - ▶ establish an office base and provide full “Structured for Success” support in Hong Kong
 - ▶ re-vitalise our important relationship with the People’s Republic of China
 - ▶ consideration of the membership value proposition globally, in particular different subscription models
 - ▶ the launch of a Bursary Scheme.
- ▶ The continued provision of new CPD content, including conferences, CPD courses and publications, both in-person and online events.
 - ▶ the 2023 CPD programme contains 70 planned courses, to include four new courses with the introduction of “Structural engineering for non-structural engineers” and “Influencing and leadership skills”.
 - ▶ The continued development of collaborative relationships with international organisations to enable shared access to technical/educational material.
- ▶ A review of the existing model of The Structural Awards event considering the new criteria introduced in 2022.
- ▶ Further improving equality, diversity and inclusivity across the Institution’s Board, Council, Committee and Panel structures.
- ▶ Close-out Defined Benefits pension scheme and implement changes to Defined Contributions pension scheme.
- ▶ The appointment of a new Trustee Board Chair.

6 Structure, Governance and Management

6.1 Organisational Structure

The Institution was founded in 1908 and was incorporated by Royal Charter on 4 May 1934; the current Supplemental Charter, with associated Bye-laws, was granted on 1 December 2004. The Charter empowers the Board to make Regulations relating to the Institution and for the conduct of members. They are kept under review and were last amended during 2022.

The Institution’s activities are conducted through the Institution itself and also through its two wholly owned subsidiaries - IStructE Ltd and Structural Engineers Registration Ltd (SER).

Structural Safety Ltd (SSL), jointly owned with The Institution of Civil Engineers, brings together the activities of SCOSS (Standing Committee on Structural Safety) and CROSS (Collaborative Reporting on Safer Structures).

To support its international development activities, the Institution has legal entities registered in Hong Kong and the United Arab Emirates. IStructE (Asia-Pacific) Limited and IStructE FZ LLC respectively.

Collectively all these companies are referred to as 'the Institution Group'.

Authority to conduct the day-to-day operations of the Institution is delegated by the Board to the Chief Executive, who is responsible to the Board for the efficient running of the Institution and for the implementation of policies and strategies. An Executive Leadership Team (ELT), comprising the Chief Executive, the Deputy Chief Executive and the Chief Operating Officer, work with and support the Board in the fulfilment of their obligations as Trustees. In turn, the Senior Management Team (SMT) supports the Executive and has operational and delivery responsibility for the Institution's membership, product, and services activities.

Council (which includes members elected by, and from, Chartered and Incorporated Structural Engineers, Technician Members, and co-opted graduates worldwide, as well as regional group Chairs, representatives from the Headline Committees and other co-optees) support the Board in determining the core values and strategic aims of the Institution. Although its role is essentially advisory and consultative, it debates and influences policies, offers advice to the Board, and, in each year where elections take place, it elects the President and President-Elect and elects Council members to the Nominations Committee.

6.2 Governance

The Board Chair is chair of the Board of Trustees, which comprises 11 other members including ex officio the President. Vice-Presidents are elected from 5 world electoral regions and serve a term of three years; other members of the Board are elected by and from the world-wide voting membership. Each year, Council ratifies the recommendations made by the Nominations Committee for those standing for election for Vice-President, Board Member and Ordinary Member of Council.

The Board may invite specialist advisers to attend, and the Executive Leadership Team also attend. Such persons do not thereby become members of the Board and may not vote on any matter to be decided by it.

The Institution's 'session' commenced on 1 January 2022; when the incoming Board Chair, President and members of the Board, the Council and committees took office. The session ran to 31 December 2022. At the first meeting of the session, Board members received training in trusteeship.

At the end of the session, the Board members self-evaluated their individual performance during the year and that of the Board. The collective output was discussed by the Board and as necessary, action plans developed so that improvements may be affected. The Board Chair was also appraised separately by a panel appointed by the Nominations Committee made up of members of Nominations Committee.

6.3 Management

6.3.1 Committee and Panels

The committee structure is shown on page 14.

The Membership Committee advises on policy with regard to membership of the Institution, including setting and maintaining standards to qualify structural engineers globally.

The Education Committee advises on policy concerning school and university education for potential members and throughout member's careers.

The Engineering Leadership Group advises on policy concerning technical matters related to structural engineering. It is assisted in this task by four topic head committees.

The Resources Committee assesses and reviews the Institution's resources needs (finance, staff and premises).

The Professional Conduct Committee keeps the code of conduct, guidance notes and disciplinary procedures under review, and investigates allegations of misconduct made against members and also misrepresentations relating to Institution membership.

The Nominations Committee makes annual recommendations to the Council concerning the election of the President, President-Elect and co-options to Council, and also the appointment of Past-President to Council. The Committee is responsible for the appointment of the Board Chair, and it also adjudicates on Institution Awards made to individuals.

Panels, which deal with specific areas of activity, report as shown on page 14.

6.3.2 Regional Groups

Institution members throughout the world, where there are sufficient concentrations of members, are allocated to regional groups. Such regional groups are run by committees, which arrange learned society, continuing professional development and networking events, to complement those organised by the Institution centrally. Each group has regulations for its governance, which have been approved by the Trustees. The financial activities of these groups form part of the 2022 annual statement.

6.3.3 Staff

With an average number of staff employed during the year of 62, the staff establishment at 31 December 2022 was 59 (which included 4 part-time staff). At 31 December 2021, the comparable figure was 62 (including 8 part-time staff). The staff organogram is on page 15.

The staff have adopted the following mission statement as the focus of their aspirations:

We provide a professional platform for all in the field of Structural Engineering to share their technical expertise and knowledge with each other in an efficient and effective manner. We help lead professional excellence in the field of Structural Engineering by supporting the development of members and championing public safety worldwide.

All staff receive an induction into the organisation and access to ongoing learning and development activities which supports their own continuing professional development.

Staff are rewarded with a market comparable pay and benefits package.

6.3.4 Pay and remuneration of key management personnel

As part of the annual operating plan and budget review, the Board approves an inclusive percentage uplift for annual salaries that is based on affordability; benchmark assessments to reflect the sector; the Institution's central London location and Government published national statistics. Against the approved criteria, the Chief Executive approves individual increase awards.

The Chief Executive's remuneration is assessed separately by a panel, comprising the Board Chair, the President, and immediate Past-President, against criteria that includes benchmark and trend information compiled by the Institution's Head of HR and performance objectives that have been agreed between the Board Chair, President, and the Chief Executive.

6.3.5 Volunteers

All members of the Board, the Council, committees, panels, task groups, advisory groups, and study groups (as well as members serving the Institution on regional group committees and acting in other capacities) are volunteers, numbering an estimated 750 individuals. Additionally, an extensive network of members contributes in authorship and editorial roles. Around 20 members act as Institution representatives in countries outside the United Kingdom where there is no regional group; and circa 50 members serve on committees of the British Standards Institution, construction and engineering technical organisations, and educational institutions. This represents considerable commitment and input to the profession, mainly by senior members, which is to the public benefit as well as that of the Institution itself.

6.3.6 Subsidiary Companies

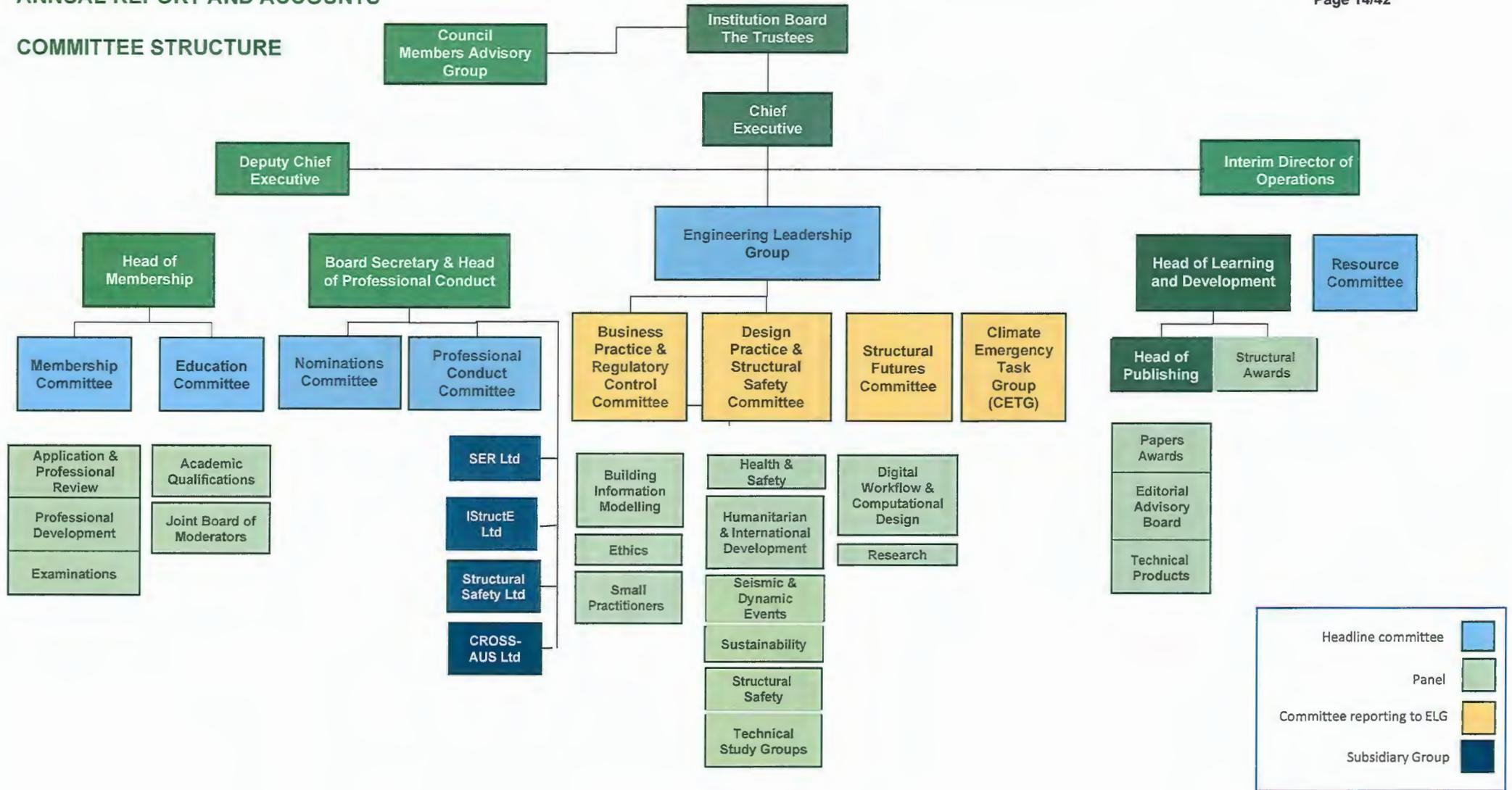
The Institution's subsidiary companies are listed in note 9 to the Financial Statements.

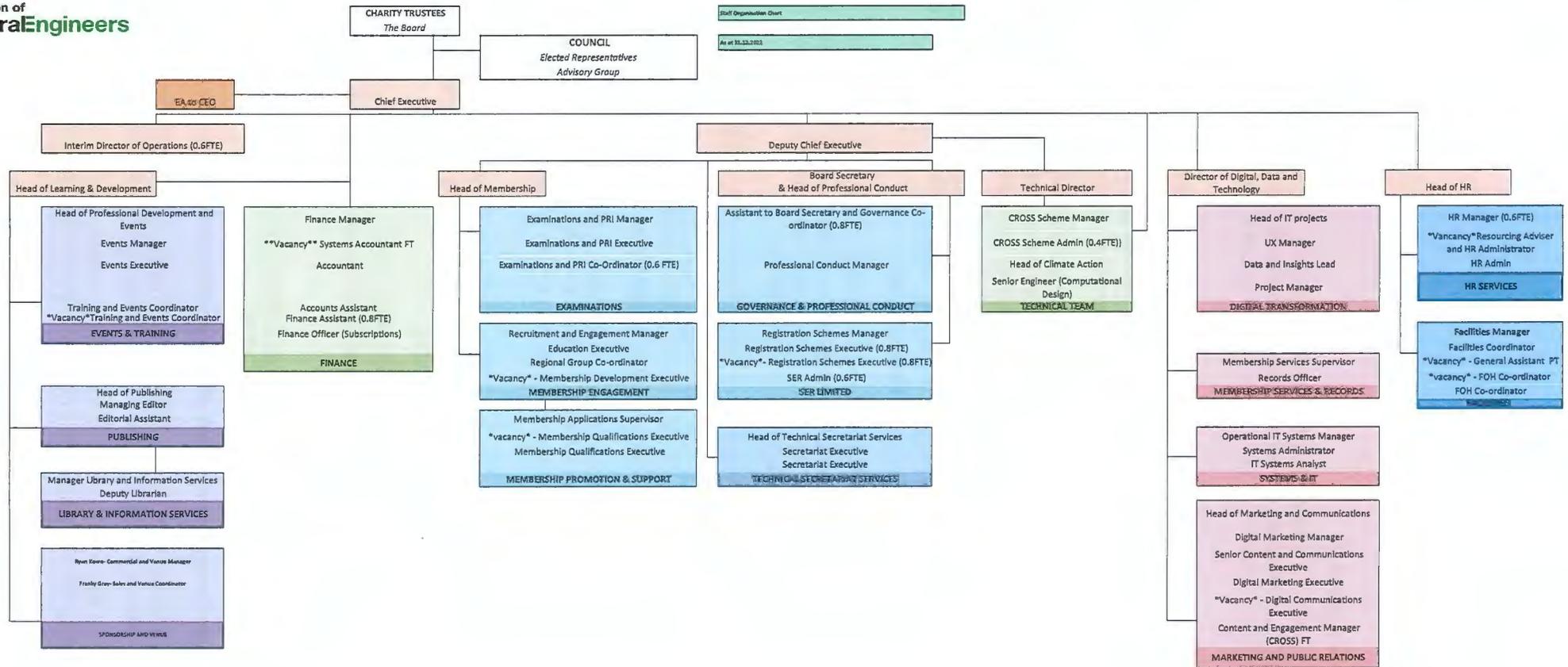
6.3.7 Connected Charities

6.3.7.1 The Institution of Structural Engineers Benevolent Fund

The Institution of Structural Engineers Benevolent Fund is deemed a connected charity as its objects restrict its beneficiaries to current or former members of the Institution and their dependents or former dependents. During 2022 the Institution collected £32,355 of donations from its members and paid these to the Fund.

COMMITTEE STRUCTURE





6.3.8 Risk Management

The Board acknowledges its responsibility for managing the risks to which the Institution is exposed. It oversees an on-going assessment of the major risks – in particular those relating to strategic objectives, operations, finances and reputation. Control systems are in place to manage those risks.

The responsibility for providing guidance to the Board on matters relating to finance and operational risk is delegated to the Resources Committee. Strategic and reputational risk matters are primarily under the direction of the staff directorate and discussed at regular intervals with the Board.

The principal risks facing the Institution, with the key actions in place to mitigate against them are:

- ▶ Reduction in membership – Income from membership subscriptions is key to the Institution. In order to mitigate against a reduction in the number of members as the result of demographic factors and also to seek to grow the membership, the Institution has introduced initiatives including:
 - ▶ An increased range of products and services including CPD course provision, on-line courses, books and other publications; the library and a growing portfolio of e-books and an events program.
 - ▶ Increased focus and support for young member events.
 - ▶ Increasing the number of candidates eligible to proceed to Chartered Membership (MIStructE/FIStructE) by mapping the examinations offered by other international structural engineering bodies against the Institution's examinations and introducing supplementary examinations to assess those areas that are not tested.
 - ▶ Improving accessibility to professional membership by introducing flexibility in how candidates may satisfy the Master's level academic requirement
 - ▶ Introducing the membership postnominal GIStructE for those graduate members who have successfully completed the Certificate in Structural Behaviour.
 - ▶ Introducing Bye-Law changes whereby graduate members who have successfully passed the Professional Review Interview are able to register as Chartered Engineers (CEng) with the Engineering Council. Bye-Law changes approved by the membership in July 2022, by the Privy Council in February 2023.
- ▶ Data Protection – The Institution's operations are heavily reliant on the use of the personal data of both members and non-members. A risk-based approach to data security is taken and appropriate technical and organisational measures are in place including:
 - ▶ Further to the introduction of the General Data Protection Regulation in May 2018 all associated policies and procedures continue to be reviewed and updated as necessary.
 - ▶ Encryption of server systems
 - ▶ Development of a new Cyber security Institution framework and working towards Cyber Essentials accreditation (accreditation achieved March 2023).
 - ▶ Mandatory training provided to all staff on data security and guidance provided to Regional Groups.
- ▶ Resilience of commercial revenue – In order to reduce reliance on income from membership subscriptions a number of revenue streams, have, and continue to be developed through IStructE Ltd.
 - ▶ Throughout 2022 and into 2023 a greater number of online products have been created and delivered, greatly increasing the available portfolio and meeting the varying delivery requirements of members and other users.

- ▶ Reduction in income from Structural Engineers Registration Ltd (SER) – Income from SER is largely linked to the level of activity in the Scottish construction industry which is outside the company's control. A prudent approach is therefore taken to budgeting.
- ▶ Loss of multiple key personnel. Loss of staff is a risk in any organisation and will occur, however the Institution structure and ways of working are such that knowledge does not generally reside in one person. Creation of a Senior Management Team (SMT) enabling the better sharing of knowledge across the senior management adds a further level of robustness.
- ▶ Volunteer engagement – the Institution is heavily dependent on the voluntary contribution of its members particularly in areas of technical and engineering knowledge sharing. Members give their time freely and willingly however conflicting pressures in the workplace and personal life means that the Institution is always looking to increase the number of members actively engaged with its activities.
- ▶ The increased use of technology and the flexibility that this entails, in terms of conducting meetings and other Institution activities at different times of the day, has led to a significant increase in member and volunteer engagement. This process has been accelerated by the Covid pandemic and the Institution will continue to incorporate the positive learning points from the last three years into future plans.
- ▶ Increase in staff costs – As with most membership organisations the Institution's employee related costs is the key component of total expenditure. The risks associated with staff costs are managed through a rigorous annual budgeting process and close scrutiny to confirm the business need for any additional staff costs.
- ▶ Increases in the cost of capital expenditure – Where projects involving significant capital expenditure are undertaken there is likely to be an increased risk of cost escalation. Mitigation measures include development of detailed project specifications before work commences and appropriate levels of project management including formation of Project Oversight Boards.
- ▶ Health and safety – presenting reputational and legal risks as well as the primary risk to the safety and health of staff and others, the Institution takes this risk area seriously.
 - ▶ A health and safety policy is in place together with supporting documents and appropriate procedures. Health and safety is overseen by the Head of Human Resources who chairs a staff health and safety committee that meets quarterly.
 - ▶ Considerable health and safety work was undertaken as a result of COVID-19, with new arrangements for office use to reduce the risk of COVID-19 transmission, all of which is documented in risk assessments, method statements and guidance documents. A similar process has been undertaken for use of the Institution and other venues for exams. Staff working from home have been supplied with guidance for safe working and regular communication and surveys of staff have been undertaken.

6.3.9 Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although the Institution does not undertake widespread fundraising from the general public, the Charities Act 2011 defines fund raising as 'soliciting or otherwise procuring money or other property for charitable purposes', and the Charities and Trustee Investment (Scotland) Act 2005, definition includes 'representing and soliciting in any manner, whether expressly or implied... for a body established for charitable, benevolent or philanthropic purposes'.

Such amounts receivable are presented in the Institution's accounts as 'donations and legacies'.

In relation to the above the Trustees confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day-to-day management of all income generation is delegated to the staff directorate, all of whom are accountable to the Trustees.

The Institution is not subject to any undertaking to be bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice. No complaints have been received by the Institution in relation to fundraising activities. The Institution's terms of employment require staff to behave reasonably at all times and, as it does not approach individuals for funds it does not particularise this to fundraising activities nor is it considered necessary to design specific procedures to monitor such activities.

7 Reference and Administrative Information

7.1 Registration

The Institution is registered with the Charity Commission for England and Wales under number 233392 and the Office of the Scottish Charity Regulator under number SC038263.

7.2 Address of principal office

The Institution's address is 47-58 Bastwick Street, London, EC1V 3PS.

7.3 Trustee Board

During 2022 the Trustees were:

Mohamad Al-Dah	Tanya De Hoog	Peter Terrell
Matthew Byatt	Kate Leighton	Brian Uy
Ed Clark	Donald McQuillan*	Keith Williams
Jane Entwistle	Toby Robinson*	

Those marked* were no longer in office at the date of the approval of this report.

Elisabeth Marlow and Tendayi Munyebvu were appointed as Trustees from 1 January 2023.

7.4

Executive Team

Martin Powell	Chief Executive
Darren Byrne	Deputy Chief Executive
Paul Davies	Interim Director of Operations

Board Secretariat

Kristy MacDonald	Board Secretary
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7.5 Auditors

Haysmacintyre LLP, statutory auditor
10 Queen Street Place
London
EC4R 1AG

Approved by the Board and signed on their behalf by

Peter Terrell



Board Chair

Date:

11/05/2023 .

Independent auditor's report to the trustees of the Institution of Structural Engineers

Opinion

We have audited the financial statements of the Institution of Structural Engineers for the year ended 31 December 2022 which comprise the consolidated statement of financial activities, the balance sheets, the consolidated statement of cash flows 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 2022 and of the group's net movement in funds 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 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder. 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charity, or returns adequate for our audit have not been received from branches not visited by us; or
- sufficient and proper accounting records have not been kept; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 5, 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 group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity law applicable in both England and Wales and Scotland, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

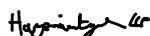
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the group relevant to the preparation of the financial statements to ensure these were in place throughout the year, including during the Covid-19 remote working period;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates, in particular the valuation of intangible assets and debt provisions.
- Reviewing the assumptions and judgements used by the professional actuary in relation to the Charity's pension asset.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 section 144 of the Charities Act 2011 and regulations made under section 154 of that Act, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. 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's trustees as a body for our audit work, for this report, or for the opinions we have formed.



Haysmacintyre LLP
10 Queen Street Place
Statutory Auditors
London
EC4R 1AG

Date: 10/08/23

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

Consolidated statement of financial activities

Year ended 31 December 2022

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Permanent Endowment * Funds £'000	2022 Total £'000	2021 Total £'000
Income from:						
Donations, legacies and grants	2	43.3	11.6	-	54.9	100.4
Income from trading activities						
Gross income from charitable activities		134.7	-	-	134.7	131.3
Trading subsidiaries' income		2,415.4	-	-	2,415.4	2,185.7
Income from charitable activities						
Membership and qualification activities		5,063.3	-	-	5,063.3	4,993.6
Technical & professional learning and development		619.1	16.2	-	635.3	465.5
Income from joint venture	11	-	-	-	-	6.6
Other charitable activities		258.9	-	-	258.9	231.4
Income from investments	3	37.2	2.3	0.3	39.8	0.5
Total income		<u>8,571.9</u>	<u>30.1</u>	<u>0.3</u>	<u>8,602.3</u>	<u>8,115.0</u>
Expenditure on:						
Cost of raising funds	4					
Cost of charitable trading		114.7	-	-	114.7	120.5
Trading subsidiaries costs		1,808.5	-	-	1,808.5	1,533.6
Charitable activities	4					
Membership and qualification activities		3,571.7	-	-	3,571.7	3,261.1
Technical & professional learning and development		1,351.8	57.2	-	1,409.0	1,273.0
Other charitable activities		1,079.3	-	-	1,079.3	787.1
Total expenditure		<u>7,926.0</u>	<u>57.2</u>	<u>-</u>	<u>7,983.2</u>	<u>6,975.3</u>
Loss from joint venture	11	(41.4)	-	-	(41.4)	-
Gain / (Loss) on translation of foreign entities		14.3	-	-	14.3	(1.7)
Net income		<u>618.8</u>	<u>(27.1)</u>	<u>0.3</u>	<u>592.0</u>	<u>1,138.0</u>
Actuarial (loss) / gain on final salary pension scheme	22	-	-	-	-	(909.0)
Net movement in funds		<u>618.8</u>	<u>(27.1)</u>	<u>0.3</u>	<u>592.0</u>	<u>229.0</u>
Reconciliation of funds						
Total funds brought forward		10,962.5	269.3	31.3	11,263.1	11,034.1
Total funds carried forward		<u>11,581.3</u>	<u>242.2</u>	<u>31.6</u>	<u>11,855.1</u>	<u>11,263.1</u>

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above. The notes on pages 26 to 42 form part of these financial statements.

* Permanent endowment: The only movement during 2022 was the receipt of £288 (2021: £5) in bank interest.

Charity statement of financial activities

Year ended 31 December 2022

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Permanent Endowment * Funds £'000	2022 Total £'000	2021 Total £'000
Income from:						
Donations, legacies and grants	2	43.3	11.6	-	54.9	100.4
Income from trading activities						
Gross income from charitable activities		134.7	-	-	134.7	131.3
Income from charitable activities						
Membership and qualification activities		5,063.2	-	-	5,063.2	4,993.6
Technical & professional learning and development		725.2	16.2	-	741.4	465.5
Other charitable activities		953.6	-	-	953.6	961.9
Income from investments	3	37.2	2.3	0.3	39.8	0.5
Total income		<u>6,957.2</u>	<u>30.1</u>	<u>0.3</u>	<u>6,987.6</u>	<u>6,653.2</u>
Expenditure on:						
Cost of raising funds	4					
Cost of charitable trading		136.5	-	-	136.5	141.8
Charitable activities	4					
Membership and qualification activities		4,075.9	-	-	4,075.9	3,783.6
Technical & professional learning and development		1,631.6	57.2	-	1,688.8	1,460.7
Other charitable activities		1,233.7	-	-	1,233.7	904.1
Total expenditure		<u>7,077.7</u>	<u>57.2</u>	<u>-</u>	<u>7,134.9</u>	<u>6,290.2</u>
Net income		<u>(120.5)</u>	<u>(27.0)</u>	<u>0.3</u>	<u>(147.3)</u>	<u>363.0</u>
Actuarial loss on final salary pension scheme	22	-	-	-	-	(909.0)
Net movement in funds		<u>(120.5)</u>	<u>(27.1)</u>	<u>0.3</u>	<u>(147.3)</u>	<u>(546.0)</u>
Reconciliation of funds						
Total funds brought forward		10,182.3	269.3	31.3	10,482.9	10,240.1
Gift aid received from subsidiaries		701.9	-	-	701.9	788.8
Total funds carried forward		<u>10,763.7</u>	<u>242.2</u>	<u>31.6</u>	<u>11,037.5</u>	<u>10,482.9</u>

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above. The notes on pages 26 to 42 form part of these financial statements.

* Permanent endowment: The only movement during 2022 was the receipt of £288 (2021: £5) in bank interest.

Consolidated and Charity balance sheets

Year ended 31 December 2022

	Note	The Group		Charity	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Intangible assets	8	839.7	1,000.2	839.7	1,000.2
Investment in joint venture	11	46.2	87.6	-	-
Fixed assets					
Tangible assets	7	8,373.2	8,513.0	8,373.2	8,513.0
Investment in subsidiary companies	9	-	-	0.2	0.2
Total fixed and intangible assets		<u>9,259.1</u>	<u>9,600.8</u>	<u>9,213.1</u>	<u>9,513.4</u>
Current assets					
Stocks of publications	12	4.6	4.6	4.6	4.6
Debtors	13	897.8	817.8	988.7	899.4
Cash at bank and in hand		<u>5,332.8</u>	<u>4,668.6</u>	<u>4,311.2</u>	<u>3,759.0</u>
Total current assets		<u>6,235.2</u>	<u>5,491.0</u>	<u>5,304.5</u>	<u>4,663.0</u>
Creditors – amounts falling due within one year	14	<u>(2,732.0)</u>	<u>(2,784.7)</u>	<u>(2,572.9)</u>	<u>(2,649.5)</u>
Net current assets		<u>3,503.2</u>	<u>2,706.3</u>	<u>2,731.6</u>	<u>2,013.5</u>
Creditors – amounts falling due after one year	15	<u>(907.2)</u>	<u>(1,044.0)</u>	<u>(907.2)</u>	<u>(1,044.0)</u>
Total net assets		<u>11,855.1</u>	<u>11,263.1</u>	<u>11,037.5</u>	<u>10,482.9</u>
Funds of the charity					
Unrestricted funds:					
Designated funds	19	6,901.4	6,663.4	6,901.4	6,663.4
General funds		<u>4,679.9</u>	<u>4,299.1</u>	<u>3,862.3</u>	<u>3,518.9</u>
Total unrestricted funds		<u>11,581.3</u>	<u>10,962.5</u>	<u>10,763.7</u>	<u>10,182.3</u>
Permanent endowment funds	17	31.6	31.3	31.6	31.3
Restricted funds	18	242.2	269.3	242.2	269.3
Total funds		<u>11,855.1</u>	<u>11,263.1</u>	<u>11,037.5</u>	<u>10,482.9</u>

Approved by the Institution Board, authorised for issue
and signed on their behalf by:

Peter Terrell, Chairman

Tanya De Hoog, President-Elect

Date:

11/05/2023

Consolidated and Charity statement of cash flows

Year ended 31 December 2022

Reconciliation of changes in resources to net cash inflow from operating activities	Note below	Group		Charity	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cash flows from operating activities					
Net income after tax		592.0	1,138.0	(147.3)	363.0
Investment income	3	(39.8)	(0.5)	(39.8)	(0.5)
Gain on disposal of Fixed Asset		-	(0.1)	-	(0.1)
Interest payable		43.1	48.0	43.1	48.0
Depreciation	7	172.4	168.6	172.4	168.8
Amortisation of intangible assets	8	277.4	219.9	277.4	219.9
Decrease in stock	12	-	0.5	-	0.5
Increase in debtors	13	(80.0)	(378.0)	(89.3)	(331.3)
Decrease in creditors	14	(62.8)	(289.6)	(86.7)	(155.9)
Difference between pension charge and cash contribution	22	-	(110.0)	-	(110.0)
Net cash generated from operating activities		<u>902.3</u>	<u>796.8</u>	<u>129.8</u>	<u>202.4</u>
Cash flow from investing activities					
Purchase of tangible fixed assets	7	(32.6)	(6.7)	(32.6)	(6.7)
Purchase of intangible assets	8	(116.9)	(533.4)	(116.9)	(533.4)
Disposal of tangible fixed asset	7	-	0.9	-	0.9
Investment in joint venture	11	41.4	(6.6)	-	-
Amount received in gift aid	10	-	36.7	701.9	788.8
Interest received	3	39.8	0.5	39.8	0.5
Net cash from investing activities		<u>(68.3)</u>	<u>(508.6)</u>	<u>592.2</u>	<u>250.1</u>
Cash flow from financing activities					
Capital element of mortgage paid		(126.7)	(122.2)	(126.7)	(122.2)
Interest paid		(43.1)	(48.0)	(43.1)	(48.0)
Net cash from financing activities		<u>(169.8)</u>	<u>(170.2)</u>	<u>(169.8)</u>	<u>(170.2)</u>
Increase in cash in year		664.2	118.0	552.2	282.3
Cash and cash equivalents at the beginning of the year		<u>4,668.6</u>	<u>4,550.6</u>	<u>3,759.0</u>	<u>3,476.7</u>
Cash and cash equivalents at the end of the year		<u>5,332.8</u>	<u>4,668.6</u>	<u>4,311.2</u>	<u>3,759.0</u>

The notes on pages 26 to 42 form part of these financial statements.

Notes to the accounts

Year ended 31 December 2022

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (2019) (effective 1 January 2019) - (Charities SORP (FRS 102) (2019)), and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Institution of Structural Engineers meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Basis of consolidation

The financial statements include the consolidation of IStructE Limited, Structural Engineers Registration Limited, IStructE (Asia Pacific) Limited and CROSS-AUS Limited (wholly owned subsidiaries of the Institution) and IStructE FZ LLC (a subsidiary of IStructE Ltd) on a line by line basis. Structural-Safety Limited, a 50% owned subsidiary, is accounted for by including 50% of the net assets. The financial statements of a connected charity, The Institution of Structural Engineers Benevolent Fund, has not been included within the group consolidation.

Income

All income is recognised in the Statement of Financial Activities when the conditions for receipt have been met and receipt is probable. The following accounting policies are applied to income:

Donations and grants

Donations and grants are included in the financial statements when the conditions of receipt have been met. During 2022 the Charity received grants of £443,142 for work on structural safety reporting.

Trading activities

Income from publishing, recruitment, catering, room hire and training

Turnover is recognised when the event, product or service has been delivered and the Group has fulfilled its contractual obligations.

Certification and renewal fees

The income from certification fees is recognised on receipt of payment while renewal fees are held as deferred income and allocated to the year to which they relate.

Charitable fees

Members' subscriptions and fees

Members' subscriptions and fees due are treated as income when receivable. Amounts received in respect of future years are held as deferred income and allocated to the year to which they relate.

Examinations and professional review fees

The income is recognised in the accounts in the month in which the examination is held with amounts received in advance held as deferred income. Income from professional review interviews is recognised on receipt.

Investment income and gains

Investment income, including any tax recoverable thereon, is included in the financial statements in the year in which it is receivable. The income from the joint venture (Structural-Safety Limited) is recognised as the service is provided based on 50% of the net assets of the Company.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably and includes irrecoverable Value Added Tax. Expenditure has been allocated on the basis indicated below:

Cost of raising funds

This cost category includes the cost of books sold and the operating costs of the trading subsidiaries.

Charitable activities

This includes all expenditure directly related to the objects of the charity.

Membership and qualification activities

This comprises the costs involved in providing support and services to the members of the Institution.

Technical & professional learning and development

This comprises the costs related to the advancement and development of structural engineering.

Other charitable activities

This comprises the costs of training members and events.

Support costs

These costs represent the staffing and associated costs of finance, IT, the general building and administration costs and governance costs in supporting the operational activities for which the charity is responsible. Governance costs include external audit, legal advice to the Trustees and costs associated with the Board. These are allocated as detailed in Note 4. The method of allocating support costs is based on headcount using FYE (full year equivalents) to full-time posts, irrespective of whether these posts are filled by permanent or temporary staff.

Fund accounting

The charity maintains various types of funds as follows:

Permanent endowment funds

These funds have been received by the Institution with specific restrictions on their use within the objectives of its Royal Charter and from which the income arising is available for fulfilment of those objectives. These funds comprise various prize funds.

Restricted funds

These funds have been received by the Institution with specific restrictions on their use within the objectives of its Royal Charter.

Unrestricted funds

These are available for the Institution to pursue its objectives under its Royal Charter and comprise:

Designated funds

Designated funds are amounts which have been put aside at the discretion of the Trustees. General unrestricted funds represent funds which are expendable at the discretion of the Trustees in the furtherance of the objects of the charity under its Royal Charter.

General fund

This represents the undesignated accumulated surpluses from funds available for the general objectives of the Institution.

Intangible assets

The assets in this category contain the historical cost less amortisation to date of the Institution's websites and customer relationship management system (CRM). The cost is written off on a straight-line basis at 16.67% per annum.

Tangible fixed assets

Fixed assets are stated at historical cost less depreciation. Equipment renewals due to technological changes are charged to the Statement of Financial Activities. Depreciation is provided at rates calculated to write off the costs less land and estimated residual value on a straight-line basis over their estimated useful lives as follows:

Freehold premises 2% per annum on cost

Computers 33.3% per annum on cost

Furniture and equipment 16.67% per annum on cost

Investments in subsidiaries

Investments in subsidiaries are shown at cost. Investments in non-charitable companies under a joint venture arrangement are included at fair value, which is the Group's share of the net assets of the commercial company at the balance sheet date.

Stock

Finished stock and work in progress relates to technical publications and is stated at the lower of cost and net realisable value. Cost comprises the price of purchasing, compilation, printing and binding.

Cash at bank and in hand

Cash at bank and in hand includes cash and bank deposits.

Pension contributions

The Institution operates two pension schemes as follows:

Final salary pension scheme

This scheme provides benefits based on final pensionable salary. The scheme was closed during 2002 and future pension arrangements were provided through a group personal pension plan. The assets of the final salary scheme are invested and are totally separate from those of the Institution. Contributions to the scheme are charged to income and expenditure to spread the cost over the employees' working lives with the Institution. These contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. In accordance with FRS102 a Pension surplus is recognised under certain conditions.

Since December 2021, no contributions have been made into this Scheme. A full update on the Final Salary Pension Scheme is given in note 22 below.

Group personal pension plan

The plan provides benefits based on contributions made and investment returns. The plan commenced during 2002 following the closure of the final salary scheme. Both the Institution and employees contribute to this plan. The assets of the plan are held in individual policies for each employee and invested and are totally separate from those of the Institution. Contributions to the plan are charged to income and expenditure as incurred. During 2015, new and existing employees who are not in the plan were automatically enrolled unless they have exercised their right to opt out.

Leases

Rental costs under operating leases are charged to the Statement of Financial Activities in equal amounts over the periods of the lease.

Financial instruments

The Institution only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method. This is referred to in Note 16.

Current and deferred tax

The tax expense for the year comprises current and deferred tax. The current tax charge is calculated on all taxable income on the basis of tax rates and laws that have been enacted at the reporting date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below:

Useful economic lives of tangible and intangible assets

The annual depreciation and amortisation charge for fixed assets is sensitive to changes in estimated useful economic lives of the assets. The useful economic lives are re-assessed annually and are amended where necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Final salary pension scheme asset

The determination of the assumptions used in calculating the final salary pension scheme asset is the responsibility of the pension scheme Trustees. The assumptions are set with regard to advice given by the scheme actuary (see note 22). 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. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 December 2019 has been used by the actuary in valuing the pension asset at 31 December 2022.

The Institution has de-risked its exposure to fluctuations in the final salary pension scheme valuation by entering into a "buy-in" arrangement. Whilst the liabilities of the scheme legally sit with the Institution, the buy-in arrangement ensures it is backed at all times, by an insurance asset, see note 22 for further details.

Allocation of support costs

Judgement is exercised in determining the appropriate basis to use for each category of support cost when apportioning those costs to the activities within raising funds and charitable activities. Details of the method of apportionment are included within note 4.

Foreign currency

Transactions in foreign currencies are recognised at the rate of exchange at the date of the transaction. Any exchange differences are recognised through the statement of financial activities. Foreign exchange monetary assets and liabilities are recognised at the rate of exchange ruling at the balance sheet date.

2. Donations, legacies and grants

	2022				2021			
	Donations £'000	Legacies £'000	Grants £'000	Total £'000	Donations £'000	Legacies £'000	Grants £'000	Total £'000
Restricted Funds	11.4	-	-	11.4	14.4	-	-	14.4
Unrestricted Funds	25.0	18.5	-	43.5	29.0	-	57.0	86.0
Total	36.4	18.5	-	54.9	43.4	-	57.0	100.4

3. Investment income

	2022 £'000	2021 £'000
Bank interest	39.8	0.5

4. Analysis of Support and Governance Costs

<i>Basis of allocation</i>	Management £'000 <i>Head count</i>	Legal & finance £'000 <i>Head count</i>	Information technology £'000 <i>Head count</i>	Governance £'000 <i>Head count</i>	Total support and governance costs £'000	Direct costs £'000	Total £'000
Charitable trading	29.9	7.7	10.9	4.3	52.8	61.9	114.7
Trading subsidiaries	245.4	63.1	89.4	35.6	433.5	1,375.0	1,808.5
Membership & qualification activities	751.1	193.2	273.5	109.0	1,326.8	2,244.9	3,571.7
Technical & professional learning & development	239.4	61.6	87.2	34.8	423.0	986.0	1,409.0
Other charitable activities	212.5	54.6	77.4	30.8	375.3	704.0	1,079.3
Total	1,478.3	380.2	538.4	214.5	2,611.4	5,371.8	7,983.2

Comparative figures for 2021

<i>Basis of allocation</i>	Management £'000 <i>Head count</i>	Legal & finance £'000 <i>Head count</i>	Information technology £'000 <i>Head count</i>	Governance £'000 <i>Head count</i>	Total support and governance costs £'000	Direct costs £'000	Total £'000
Charitable trading	28.0	7.7	10.2	3.0	48.9	71.6	120.5
Trading subsidiaries	229.6	64.6	83.9	24.6	402.7	1,130.9	1,533.6
Membership & qualification activities	708.4	196.3	258.8	75.8	1,239.3	2,021.8	3,261.1
Technical & professional learning & development	224.0	62.1	81.8	24.0	391.9	881.1	1,273.0
Other charitable activities	154.0	42.7	56.3	16.5	269.5	517.6	787.1
Total	1,344.0	373.4	491.0	143.9	2,352.3	4,623.0	6,975.3

5. Net income for the year is stated after charging

	2022 £'000	2021 £'000
Auditors' remuneration		
For audit services	35.1	31.8
Depreciation and amortisation of fixed & intangible assets	449.9	388.5

6. Information regarding employees, trustees and key management personnel

The average number of staff employed by the Institution in 2022 was 62 (2021: 65), split across the functions below.

Function	2022	2021
Charitable trading	1	1
Trading subsidiaries	7	9
Membership and qualification	22	25
Technical and professional learning and development	8	7
Other charitable activities	6	3
Support and governance	18	20
Total	62	65

Staff costs comprise:

	2022	2021
	£'000	£'000
Salaries	2,844.1	2,752.8
Permanent health Insurance	47.0	48.8
Social security costs	339.4	317.5
Pension costs	361.1	363.5
Staff welfare, training and recruitment	320.5	176.0
	3,912.1	3,658.6

The number of employees whose total emoluments amounted to £60,001 or above for the year is as follows:

	2022	2021
£ 60,001 - £ 70,000	5	3
£ 70,001 - £ 80,000	1	1
£ 80,001 - £ 90,000	2	1
£ 90,001 - £100,000	-	-
£100,001 - £110,000	1	2
£180,001 - £190,000	-	1
£190,001 - £200,000	1	-

The key management personnel of the parent charity, the Institution, comprise the Trustees, the Chief Executive Officer, Deputy Chief Executive and Chief Operating Officer (2021 only). The total employee salary and benefits of the key management personnel were £308,815 (2021: £395,730).

The Board is drawn from the membership of the Institution. No Trustee received any remuneration for their duties as Trustees (2021: none). Trustees are reimbursed for travelling expenses whilst engaged on the activities of the Institution.

Reimbursements were made as follows:

	£'000
Reimbursed in 2022 to 11 members of the Board	51.6
Reimbursed in 2021 to 12 members of the Board	5.8

The breakdown of costs incurred for each Trustee is listed below.

Trustee	Country of Residence	Travel & Subsistence Incurred	Professional Review & Invigilation Fees	Total
P Terrell (Chairman)	France	2.6	-	2.6
J Entwistle (President)	United Kingdom	28.3	-	28.3
D McQuillan	United Kingdom	3.6	-	3.6
B Uy	Australia	-	-	-
K Williams	United Kingdom	1.2	0.5	1.7
K Leighton	United Kingdom	0.4	-	0.4
E Clark	United Kingdom	0.4	-	0.4
T Robinson	United Kingdom	0.6	0.1	0.7
M Al-Dah	United Arab Emirates	7.2	-	7.2
T De Hoog	United States of America	4.1	-	4.1
M Byatt	United Kingdom	2.6	-	2.6

In their capacity as members of the Institution Trustees are obliged to pay annual subscriptions due to the Institution. Trustees are entitled to take advantage of the services offered by the Institution and its subsidiary companies, on the same terms offered to all members or to the general public.

Where Trustees or their connections provide services to, or utilise any other services or facilities of the Institution, the amounts paid to or charged by the Institution and based on either:

Standard rates paid by the Institution to members and non-members alike for services such as lecturing; or

Rates negotiated on behalf of the Institution, independently of the member involved, by the Board or their delegated committee, based on competitive tenders or general rates.

7. Fixed Assets

Consolidated and Charity

	Freehold Premises £'000	Computers £'000	Furniture and Equipment £'000	Total £'000
Cost				
Balance at 1 January 2022	9,527.9	714.4	188.0	10,430.3
Additions	-	31.3	1.3	32.6
Disposals	-	-	-	-
Balance at 31 December 2022	<u>9,527.9</u>	<u>745.7</u>	<u>189.3</u>	<u>10,462.9</u>
Accumulated Depreciation				
Balance at 1 January 2022	1,051.3	684.1	181.9	1,917.3
Charge for year	148.6	22.0	1.8	172.4
Disposals	-	-	-	-
Balance at 31 December 2022	<u>1,199.9</u>	<u>706.1</u>	<u>183.7</u>	<u>2,089.7</u>
Net Book Value				
At 31 December 2022	<u>8,328.0</u>	<u>39.6</u>	<u>5.6</u>	<u>8,373.2</u>
At 31 December 2021	<u>8,476.6</u>	<u>30.3</u>	<u>6.1</u>	<u>8,513.0</u>

All tangible fixed assets are used in the activities of the Institution. The trading subsidiaries do not own any tangible fixed assets. Audited accounts of the trading subsidiaries are filed with the Registrar of Companies.

8. Intangible assets

Consolidated and Charity		Websites & CRM £'000
Cost		
Balance at 1 January 2022	1,720.2	
Additions	116.9	
Disposals	-	
	<u>1,837.1</u>	
Amortisation		
Balance at 1 January 2022	720.0	
Charge for year	277.4	
Disposals	-	
	<u>997.4</u>	
Net Book Value		
At 31 December 2022	<u>839.7</u>	
At 31 December 2021	<u>1,000.2</u>	

9. Investments in subsidiaries

The group has the following subsidiary trading companies:

Subsidiary undertaking	Principal activities	Net Assets	Share capital held
IStructE Ltd	Various commercial activities	See note 10	£100
Structural Engineers Registration Ltd	A registration service to engineers in Scotland and Jersey	See note 10	£1
IStructE (Asia Pacific) Ltd	To support the Institution's activities in the area	£0k	£100
IStructE FZ LLC	To support the Institution's activities in the UAE	See note 10	£28.2k
Structural Safety Ltd	Provision of structural safety reporting schemes	£0k	-
CROSS-AUS Ltd	Provision of structural safety reporting schemes in Australia	Nil	-
Institution of Construction Engineers	Not trading	Nil	-
Association of Construction Engineers	Not trading	Nil	-

IStructE Ltd and Structural Engineers Registration Ltd are 100% subsidiaries of the Institution and incorporated in the UK. Subsidiaries activities have been consolidated into the Institution's financial statements. As a general policy, the trading companies' gift aid all their taxable profits to the charity. IStructE (Asia Pacific) Ltd is incorporated in Hong Kong.

IStructE FZ LLC is a Branch office of IStructE Ltd. The Company is incorporated in the United Arab Emirates.

Structural Safety Ltd is a company limited by guarantee and is 50/50 owned by the Institution of Structural Engineers and the Institution of Civil Engineers.

CROSS-AUS Ltd is a company limited by guarantee and is a wholly-owned subsidiary of the Institution of Structural Engineers. The Company is incorporated in Australia.

10. Results and net assets of trading subsidiaries

	IStructE Ltd £'000	SER Ltd £'000	IStructE (Asia-Pac) Ltd £'000	CROSS_ AUS Ltd £'000	IStructE FZ LLC £'000	Total* £'000	2021 £'000
Turnover	1,061.4	1,331.4	12.3	5.6	4.5	2,415.2	2,203.1
Cost of sales	(359.2)	(518.7)	(3.9)	-	-	(881.8)	(696.6)
Gross profit	702.2	812.7	8.4	5.6	4.5	1,533.4	1,506.5
Administrative expenses	(408.2)	(344.9)	(8.7)	(8.3)	(0.9)	(771.0)	(727.5)
Operating profit before tax	294.0	467.8	(0.3)	(2.7)	3.6	762.4	779.0
Amount donated to the Institution	-	-	-	-	-	-	-
	294.0	467.8	(0.3)	(2.7)	3.6	762.4	779.0
Corporation tax	-	-	-	-	-	-	-
Amount retained by the subsidiary	294.0	467.8	(0.3)	(2.7)	3.6	762.4	779.0
Fixed assets	28.2	-	-	-	-	28.2	28.2
Current assets	469.9	447.2	22.1	2.8	41.5	983.5	978.2
Current liabilities	(204.0)	(189.3)	(5.5)	-	-	(398.8)	(457.2)
Net assets and funds	294.1	257.9	16.6	2.8	41.5	612.9	549.2

* Turnover includes inter-company activity of £Nil (2021: £17.5k) which was removed from the figures shown in the statement of financial activity.

11. Investment in joint venture

The Charity has an investment in a joint venture run through a company called Structural-Safety Ltd. The company is co-owned by the Institution of Structural Engineers and the Institution of Civil Engineers. The company began trading during 2020. The results and net assets of the company for the financial years ending 31.12.2022 and 31.12.2021 were as follows:

	2022 £'000	2021 £'000
Turnover	184.1	236.1
Cost of sales	(107.1)	(83.6)
Gross profit	77.0	152.5
Administrative expenses	(159.8)	(139.3)
Operating (loss) / profit before tax	(82.8)	13.2
Amount paid in gift aid	-	-
Amount retained	(82.8)	13.2
Intangible assets	214.0	229.7
Fixed assets	0.4	1.5
Current assets	209.9	92.7
Current liabilities	(332.0)	(148.8)
Net assets and funds	92.3	175.1
Share of net assets		
Institution of Structural Engineers – 50%	46.15	87.55
Institution of Civil Engineers – 50%	46.15	87.55
	92.3	175.1
Income from joint venture		
Share of (loss) / profit from joint venture	(41.4)	6.6
Gift aid received 2022; 2021	-	36.7
	(41.4)	43.3

12. Stock

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Finished goods	4.6	4.6	4.6	4.6
	4.6	4.6	4.6	4.6

13. Debtors

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Debtors in respect of charitable services	414.1	291.7	336.7	186.0
Amounts due from IStructE Ltd	-	-	126.5	141.2
Amounts due from Structural Engineers Registration Ltd	-	-	73.8	79.2
Other debtors and prepayments	459	515.7	427.0	482.6
Other taxation and social security	24.7	10.4	24.7	10.4
	<u>897.8</u>	<u>817.8</u>	<u>988.7</u>	<u>899.4</u>

14. Creditors: Amounts falling due within one year

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Mortgage falling due within one year	132.4	122.3	132.4	122.3
Creditors	456.0	187.5	386.4	149.3
Other creditors	168.8	213.5	228.4	266.5
Accruals	146.5	170.6	116.2	139.5
Deferred income	1,700.5	1,952.6	1,620.7	1,879.7
Other taxation and social security	127.8	138.2	88.8	92.2
	<u>2,732.0</u>	<u>2,784.7</u>	<u>2,572.9</u>	<u>2,649.5</u>

15. Creditors: Amounts falling due after one year

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Mortgage falling due after one year	<u>907.2</u>	<u>1,044.0</u>	<u>907.2</u>	<u>1,044.0</u>

16. Financial instruments

The Institution has one financial assets and financial liabilities of a kind that qualify as basic financial instruments. The financial liability is a mortgage secured on the Institution's 47-58 Bastwick Street property. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Loan is repayable as follows:

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Within one year	132.4	127.1	132.4	127.1
Between one and two years	137.2	132.1	137.2	132.1
Between two and five years	770.0	907.2	770.0	907.2
	<u>1,039.6</u>	<u>1,166.4</u>	<u>1,039.6</u>	<u>1,166.4</u>

In November 2019, the Board approved an extension to the loan, increasing it to £1.4m, which equals the amount borrowed in 2014. The loan is for 5 years but has a 10- year profiling, which explains why it is fully repayable at the end of 5 years, although rather than a balancing payment, at the end of the 5 years, an additional 5 years will be added to the loan in line with the profile agreed with Barclays Bank. The rate of interest is fixed at 3.86% for the first 5 years, to be repaid in equal instalments until December 2024. At the end of the 5th year the rate of interest will be re-negotiated on the amount outstanding for the final 5 years. The purpose of the loan is to finance the business transformation projects planned over the next 5 years. The ratio for the loan to property is 12% (2021: 14%).

17. Movement in permanent endowment funds

	1 January 2022 £'000	Income £'000	Expenditure £'000	31 December 2022 £'000
Prize funds	<u>31.3</u>	<u>0.3</u>	<u>-</u>	<u>31.6</u>

	1 January 2021	Income	Expenditure	31 December 2021
	£'000	£'000	£'000	£'000
Prize funds	31.3	-	-	31.3

18. Movement in restricted funds

	1 January 2022	Income	Transfer to Unrestricted Funds	Expenditure	31 December 2022
	£'000	£'000	£'000	£'000	£'000
Research fund	74.1	12.3	-	28.6	57.8
Prize funds	2.5	-	-	-	2.5
EEFIT fund	29.8	4.5	-	4.3	30.0
Young Structural Eng. Competition	110.9	1.0	-	-	111.9
Fib (UK)	38.9	12.2	-	19.2	31.9
Pai Lin Li Travel Awards	7.6	-	-	-	7.6
Alsop Fund	5.5	0.1	-	5.1	0.5
	<u>269.3</u>	<u>30.1</u>	<u>-</u>	<u>57.2</u>	<u>242.2</u>

	1 January 2021	Income	Transfer to Unrestricted Funds	Expenditure	31 December 2021
	£'000	£'000	£'000	£'000	£'000
Research fund	66.6	14.6	-	7.1	74.1
Prize funds	2.5	-	-	-	2.5
EEFIT fund	27.7	3.6	-	1.5	29.8
Young Structural Eng. Competition	110.9	-	-	-	110.9
Fib(UK)	36.7	18.8	-	16.6	38.9
Barret Prize Fund	3.6	-	-	3.6	-
Pai Lin Li Travel Awards	7.6	-	-	-	7.6
Alsop Fund	10.6	-	-	5.1	5.5
	<u>266.2</u>	<u>37.0</u>	<u>-</u>	<u>33.9</u>	<u>269.3</u>

Purpose of restricted funds

Name	Purpose
Research fund	This fund has the objectives of raising and applying funds for the purpose of enabling research to advance the art, science, and practice of structural engineering.
Prize funds	These funds were raised for specific educational prizes.
EEFIT fund	This fund is used to support the activities of the Earthquake Engineering Field Investigation Team.
Young Structural Engineer Competition	This fund will be used for competitions for young Structural Engineers.
Structural Safety	This fund is used to finance the scheme of Confidential Reporting on Structural Safety and the Standing Committee on Structural Safety.
Fib(UK)	This fund is to be used for the administration of the UK fib group.
Barret Prize Fund	This fund is used to award a prize to the winner of the Young Structural Engineers' International Design Competition.
Pai Lin Li Travel Awards	The fund is used to award travel bursaries for young engineers wishing to spend 4 to 6 weeks abroad studying current practice or trends related to the use of any construction material in the field of structural engineering.
Alsop Fund	The purpose of the fund is to support educational bursaries through Starfish Zambia.

19. Movement in unrestricted and designated funds

	1 January 2022	Income	Gains, losses & transfers	Expenditure	31 December 2022
	£'000	£'000	£'000	£'000	£'000
Designated funds					
Prize funds	10.0	-	(10)	-	-
Employee pensions fund	280.4	-	-	123.1	157.3
Bursary fund	150.0	-	50.0	-	200.0
Bastwick Street fund	4,821.4	-	-	172.6	4,648.8
England Registration fund	150.0	-	-	-	150.0
Digital Transformation	151.6	-	369.7	206.3	315.0
Bastwick Street Maintenance fund	150.0	-	50.0	-	200.0
Development Fund	950.0	-	(419.7)	-	530.3
Mortgage Repayment fund	-	-	700.0	-	700.0
Total designated funds	6,663.4	-	740.0	502.0	6,901.4
Unrestricted funds	4,299.1	8,571.9	(767.1)	7,424.0	4,679.9
	10,962.5	8,571.9	(27.1)	7,926.0	11,581.3

	1 January 2021	Income	Gains, losses & transfers	Expenditure	31 December 2021
	£'000	£'000	£'000	£'000	£'000
Designated funds					
Prize funds	10.0	-	-	-	10.0
Employee pensions fund	400.0	-	-	119.6	280.4
Bursary fund	-	-	150.0	-	150.0
Bastwick Street fund	4,990.0	-	-	168.6	4,821.4
England Registration fund	150.0	-	-	-	150.0
Digital Transformation	300.0	-	-	148.4	151.6
Bastwick Street Maintenance fund	150.0	-	-	-	150.0
Development Fund	950.0	-	-	-	950.0
Total designated funds	6,950.0	-	150.0	436.6	6,663.4
Unrestricted funds	3,786.6	8,078.0	(1,060.7)	6,504.8	4,299.1
	10,736.6	8,078.0	(910.7)	6,941.4	10,962.5

Funds are designated for the following purposes:

Name	Purpose	Period to be used
Prize fund	Donated funds to provide educational and examination prizes.	When required
Employee pension fund	This fund was designated in 2001 to cover the ongoing costs of the Final Salary Pension Scheme.	When required
Bursary fund	The fund has been created to assist students from disadvantaged backgrounds in their studies to become structural engineer'.	When required
Bastwick Street fund	This is to recognise the accounting profit after the sale of the leasehold of 11 Upper Belgrave Street, London. Being used to offset annual depreciation charges on Bastwick street.	When required
England registration fund	Established in 2014 to fund the work required to investigate the setting up of a Structural Engineer Registration scheme in England.	When required
Digital transformation	This is to fund future digital projects.	When required
Bastwick Street maintenance fund	Setup to fund the future maintenance work at Bastwick Street.	When required
Development fund	This is to fund a replacement for the Institution's CRM, IT hardware, software upgrades and other development projects.	Next 4 years

Mortgage Repayment fund

The fund is to cover the impact of the full repayment of the mortgage on the building 2024

20. Analysis of assets and liabilities between funds for the year ended 31st December 2022

	Unrestricted Funds	Restricted Funds	Permanent Endowment Funds	Total 2022
	£'000	£'000	£'000	£'000
Intangible assets	839.7	-	-	839.7
Investment in joint venture	46.2	-	-	46.2
Tangible fixed assets	8,373.2	-	-	8,373.2
Current assets	5,961.4	242.2	31.6	6,235.2
Current liabilities	(2,732.0)	-	-	(2,732.0)
Long-term liabilities	(907.2)	-	-	(907.2)
Total net assets	11,581.3	242.2	31.6	11,855.1

Comparative analysis for the year ended 31st December 2021

	Unrestricted Funds	Restricted Funds	Permanent Endowment Funds	Total 2020
	£'000	£'000	£'000	£'000
Intangible assets	1,000.2	-	-	1,000.2
Investment in joint venture	87.6	-	-	87.6
Tangible fixed assets	8,513.0	-	-	8,513.0
Current assets	5,190.4	269.3	31.3	5,491.0
Current liabilities	(2,784.7)	-	-	(2,784.7)
Long-term liabilities	(1,044.0)	-	-	(1,044.0)
Total net assets	10,962.5	269.3	31.3	11,263.1

21. Taxation

The Institution is a charity within the meaning of Part 1 Schedule 6 Finance Act 2011. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2011 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.

22. Final salary pension scheme

The Institution has, in prior years, contributed to the Institution of Structural Engineers (1973) Pension and Life Assurance Scheme ('the Scheme') at rates set by the Scheme Actuary and as advised to the Trustees by the Scheme Administrator. In accordance with FRS102, the Scheme is accounted for as a defined benefit scheme.

In the period to November, 2021, the Institution concluded a Buy-in arrangement with Legal & General ('L&G') which resulted in the Scheme's assets being transferred to L&G. The transferred assets comprise the insured annuities for the value of member benefits under FRS102. At this point, L&G assumed responsibility for making the payments due to the members of the Scheme, with the Institution retaining the legal responsibility for the payment of all member benefits.

The Institution is working with L&G and the Scheme members to agree a Buy-out arrangement where the members will have a direct legal relationship with L&G who will then take responsibility for paying pensions directly to each individual Scheme member. It is expected that this buy-out arrangement will be concluded in 2024.

With the completion of the Buy-In:

- Effective December, 2021 the Institution has made no further contributions into the Scheme, although it continues to meet the costs of administering and operating the Scheme;
- And, in line with the accounting policy adopted in last year's financial statements for the year ending December 31, 2021, as the deficit or surplus calculated under FRS 102 can vary greatly from year to year depending on the assumptions made at the valuation date, the Institution has chosen not to recognise within its Balance Sheet any deficit or surplus on the Scheme calculated under FRS 102.

The information prepared below on the Scheme's assets and liabilities should be read in the context of the existing buy-in arrangement and of the proposed buy-out arrangement.

22. Pension schemes (continued)

The assumptions which had the most significant effect on the results of the valuation are those relating to the return on investments and the discount rate used to derive the net present value of the scheme liabilities. The assets of the scheme have been calculated below at open market value as at the year end and the liabilities have been calculated using the following actuarial assumptions.

	31 December 2022	31 December 2021	31 December 2020
	% per annum	% per annum	% per annum
Rate of discount	5.05	1.80	1.35
Inflation (RPI)	3.45	3.70	3.25
Inflation (CPI)	2.75	2.90	2.35
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less with a minimum of 3% p.a.	3.00	3.00	3.00
Allowance for pension in payment increases of RPI or 5% p.a. if less, minimum 3% p.a.	3.80	3.90	3.70
Allowance for commutation of pension for cash at retirement	80% of Post Day	80% of Post Day	80% of Post A Day

The mortality assumptions adopted at 31 December 2022 imply the following life expectancies:

	2022	2021
	Years	Years
Male retiring at age 65 in 2022	21.5	21.4
Female retiring at age 65 in 2022	23.2	23.1
Male retiring at age 65 in 2042	22.8	22.7
Female retiring at age 65 in 2042	24.7	24.7

Present values of plan liabilities, fair value of assets and deficit:

	2022	2021	2020	2019	2018
	£'000s	£'000s	£'000s	£'000s	£'000s
Fair value of plan assets	4,755	7,108	8,401	8,036	7,172
Present value of plan liabilities	4,590	6,950	7,602	7,438	6,659
Surplus in scheme	165	158	799	598	513
Recognised surplus	-	-	799	598	513
Defined Benefit asset / (liability) to be recognised	-	-	-	-	-

Reconciliation of opening and closing balances of the present value of the scheme liabilities:

	Year Ending	Year Ending
	31 December 2022	31 December 2021
	£'000s	£'000s
Scheme liabilities at start of period	6,950	7,602
Interest cost	123	101
Actuarial losses	(2,247)	(502)
Benefits paid, death in service insurance premiums	(236)	(251)
Plan liabilities at end of period	4,590	6,950

22. Pension schemes (continued)

Reconciliation of opening and closing balances of the fair value of scheme assets:

	Year Ended 31 December 2022 £'000s	Year Ended 31 December 2021 £'000s
Fair value of scheme assets at start of period	7,108	8,401
Expected return on scheme assets	126	112
Actuarial losses	(2,243)	(1,264)
Contributions by employer	-	110
Benefits paid, death in service insurance premiums	(236)	(251)
	<u>4,755</u>	<u>7,108</u>

The actual return on the scheme assets over the period ended 31 December 2022 was a loss of £2,117,000.

Total expense recognised in the statement of financial activities:

	Year Ended 31 December 2022 £'000s	Year Ended 31 December 2021 £'000s
Net Interest cost	123	101
Losses on settlements	2,247	502
Total expense recognised in the statement of financial activities	<u>2,370</u>	<u>603</u>

Other Comprehensive Income:

	Year Ended 31 December 2022 £'000s	Year Ended 31 December 2021 £'000s
Return on plan assets (excluding amounts included in net interest cost) – loss	(2,243)	(1,264)
Experience gains and losses arising on the plan liabilities: Amount of (loss) / gain	(246)	13
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities: Amount of gain	2,493	489
Effect of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – loss	(162)	(147)
Total amount recognised in other comprehensive income within the statement of financial activities – loss	<u>(158)</u>	<u>(909)</u>

Pension Asset

The report from the actuaries showed a surplus of £165k at the 31 December, 2022 (2021 £158k) and it has been considered prudent to reduce this figure to £Nil (2021 £Nil).

Assets:

	Year Ended 31 December 2022 £'000s	Year Ended 31 December 2021 £'000s	Year Ended 31 December 2020 £'000s
Liability Driven Investments	-	-	1,273
Cash	170	165	-
Insurance Policy	4,585	6,943	2,866
Diversified Growth	-	-	2,415
Absolute Return Bonds/Credit	-	-	1,847
Total assets	<u>4,755</u>	<u>7,108</u>	<u>8,401</u>

23. Related party transactions

The Institution has six trading subsidiaries. The following paragraphs show the transactions with each subsidiary during the financial years ended 31.12.22 and 31.12.21 and the amounts owed at the end of each year.

IStructE Ltd

The company undertakes activities relevant to the profession of structural engineering which either the Institution of Structural Engineers as a charity is unable to undertake or which can be more effectively conducted through the company. Key activities are the sale of advertising space in the institutions journal, acting as an agent to sell the Institutions technical publications, and selling sponsorship for Institution events.

	2022	2021
	£'000	£'000
Sales	80.7	107.1
Purchases	18.9	30.0
Charitable donations to the Institution of Structural Engineers	161.5	-
Management charges from the Institution of Structural Engineers	389.0	379.3
Intercompany balance (Debtor)	126.3	141.2

Structural Engineers Registration Limited

The company promotes and manages schemes for the registration of individuals and organisations engaged in the certification of structures in Scotland and Jersey.

	2022	2021
	£'000	£'000
Management charges from the Institution of Structural Engineers	294.3	279.3
Charitable donations to the Institution of Structural Engineers	540.4	752.1
Intercompany balance (Debtor)	73.8	79.2

Structural Safety Limited

The company provides a reporting service on issues to do with structural safety.

	2022	2021
	£'000	£'000
Sales	103.7	106.3
Purchases	112.5	263.1
Management charges from the Institution of Structural Engineers	100.2	75.8
Charitable donations to the Institution of Structural Engineers	-	36.7
Intercompany balance (Debtor)	186.2	69.8
Capital expenditure transfers from Institution of Structural Engineers	30.9	106.3

IStructE (Asia Pacific) Ltd

The purpose of the company is to facilitate and support the activities of the regional groups in the Asia Pacific area.

	2022	2021
	£'000	£'000
Grant from the Institution of Structural Engineers	12.3	-

IStructE FZ LLC

The purpose of the company is to facilitate and support the activities of the regional group in the United Arab Emirates.

	2022	2021
	£'000	£'000
Grant from the Institution of Structural Engineers	-	-

CROSS-AUS Ltd

The purpose of the company is to provide structural safety reporting on schemes in Australasia.

	2022	2021
	£'000	£'000
Grant from the Institution of Structural Engineers via the Australia Regional Group	10.0	5.0

24. Analysis of changes in net debt

	At the 1 st January 2022	Cash flows	Other non- cash changes	At 31 st December 2022
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Cash	4,668.6	664.2	-	5,332.8
Borrowings				
Debt due within one year	(122.3)	126.7	(136.8)	(132.4)
Debt due after one year	(1,044.0)	-	136.8	(907.2)
	<u>(1,166.3)</u>	<u>126.7</u>	<u>-</u>	<u>(1,039.6)</u>
Total	<u>3,502.3</u>	<u>790.9</u>	<u>-</u>	<u>4,293.2</u>

25. Consolidated statement of financial activities – comparative figures

Year ended 31 December 2021

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Permanent Endowment Funds £'000	2021 Total £'000	2020 Total £'000
Income from:						
Donations and legacies	2	85.8	14.6	-	100.4	146.4
Income from trading activities						
Gross income from charitable trade		131.3	-	-	131.3	136.3
Trading subsidiaries' income		2,185.7	-	-	2,185.7	1,746.6
Income from charitable activities						
Membership and qualification activities		4,993.6	-	-	4,993.6	5,050.4
Technical & professional learning and development		443.1	22.4	-	465.5	544.4
Income from joint venture	11	6.6	-	-	6.6	127.7
Other charitable activities		231.4	-	-	231.4	258.7
Income from investments	3	0.5	-	-	0.5	4.9
Total income		8,078.0	37.0	-	8,115.0	8,015.4
Expenditure on:						
Cost of raising funds	4					
Cost of charitable trading		120.5	-	-	120.5	120.6
Trading subsidiaries costs		1,533.6	-	-	1,533.6	1,571.6
Charitable activities	4					
Membership and qualification activities		3,261.1	-	-	3,261.1	3,361.8
Technical & professional learning and development		1,239.1	33.9	-	1,273.0	1,229.6
Other charitable activities		787.1	-	-	787.1	649.9
Total expenditure		6,941.4	33.9	-	6,975.3	6,933.5
Loss on translation of foreign entities		(1.7)	-	-	(1.7)	(0.7)
Net income		1,134.9	3.1	-	1,138.0	1,081.2
Actuarial (loss) / gain on final salary pension scheme	22	(909.0)	-	-	(909.0)	81.0
Net movement in funds		225.9	3.1	-	229.0	1,162.2
Reconciliation of funds						
Total funds brought forward		10,736.6	266.2	31.3	11,034.1	9,871.9
Total funds carried forward		10,962.5	269.3	31.3	11,263.1	11,034.1

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.