

Report and Financial Statements

for the year ended 31 December 2019

Benevolent Fund

TRUSTEE-DIRECTORS 2019

J M Allen BSc(Hons) CEng FStructE MICE Chairman
 I G Hill BEng(Hons) CEng FStructE MICE
 F J McGlade BSc CEng FStructE MICE
 J D Parsons BSc(Hons) CEng FStructE MICE Vice-Chairman
 Dr J M Roberts FEng BEng(Hons) PhD CEng FStructE FICE
 M F Ryland BSc(Hons) CEng FStructE MICE
 N Westwood BSc(Eng) CEng MStructE FConsE
 N C Wheeler BSc(Hons) CEng MStructE MICE

ADVISORY COUNCIL 2019

N Ball BSc CEng MStructE MICE	Bedfordshire & Adjoining Counties Regional Group
P R Desmonde BSc(Eng) CEng FStructE	Devon & Cornwall Regional Group
B Hipwell BEng(Hons) CEng MStructE FConsE	East Anglian Regional Group
J M Allen BSc(Hons) CEng FStructE MICE	East Midlands Regional Group
I G Hill BEng(Hons) CEng FStructE MICE	Lancashire & Cheshire Regional Group
A K Strong CEng FStructE MICE MCIArb FIHT MCMI	Midland Counties Regional Group
C Higgins CEng MStructE	Northern Counties Regional Group
F J McGlade BSc CEng FStructE MICE	Northern Ireland Regional Group
M F Ryland BSc(Hons) CEng FStructE MICE	North Thames Regional Group
<i>Vacancy</i>	Republic of Ireland Group
A Massie BSc(Eng) CEng MStructE ACIArb	Scottish Regional Group
<i>Vacancy</i>	Southern Regional Group
N J Groves BSc(Hons) MSc CEng MStructE MCMI	Southern Regional Group
N Westwood BSc(Eng) CEng MStructE FConsE	Surrey Regional Group
L M P Chong BSc(Hons) MSc CEng Peng FStructE MICE MCIHT	Thames Valley Regional Group
J D Parsons BSc(Hons) CEng FStructE MICE	Wales Regional Group
S B Holmes CEng MStructE	Western Counties Regional Group
N C Wheeler BSc(Hons) CEng MStructE MICE	Yorkshire Regional Group

Benevolent Fund

SECRETARY

Dr Susan Doran BSc(Eng) AKC PHD CEng MICE ACIS (retired from the position on 23 July 2019)

Dr K MacDonald CSci CChem MRSC (appointed to position on 23 July 2019)

BENEFITS CONSULTANT

C Pedroza, 53 Ryde Road, Brighton BN2 3EG

AUDITORS

BDO LLP, 55 Baker Street, London, W1U 7EU

BANKERS

National Westminster Bank plc, Victoria (A) Branch, PO Box 1357, 169 Victoria Street, London SW1E 5NA

INVESTMENT MANAGERS

W H Ireland Ltd, 24 Martin Lane, London EC4R 0DR

SOLICITORS

Withers LLP, 20 Old Bailey, London EC4M 7AN

Benevolent Fund

DIRECTORS AND TRUSTEES' REPORT

31 DECEMBER 2019

1 INTRODUCTION

The Trustee-Directors present their report and the financial statements of the Institution of Structural Engineers Benevolent Fund for the year ended 31 December 2019. The accounts which are attached to this report comply with current statutory requirements, the requirements of the Benevolent Fund's articles of association, and with the requirements of '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)'.

2 REFERENCE AND ADMINISTRATIVE INFORMATION

The Institution of Structural Engineers Benevolent Fund is constituted as a company limited by guarantee incorporated in England & Wales under registered number 3087463 and is governed by its articles of association.

The Benevolent Fund is registered with the Charity Commission for England & Wales, under registered number 1049171 and is regulated by the Financial Conduct Authority under FRN 718626.

The registered office of the Benevolent Fund is 47-58 Bastwick Street, London EC1V 3PS.

The names of the Trustee-Directors who served during the period are set out on page 1; all remained in office at the date of the approval of this report. No material contracts subsisted during the period in which any Trustee-Director had an interest.

The names of the Secretary and of the principal professional advisers to the Benevolent Fund are set out on page 1.

3 ORGANISATIONAL STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Benevolent Fund was established in 1936 as an unincorporated association and in 1941 it obtained registration as a friendly society. With the agreement of its members, as well as the relevant statutory authorities, on 2 August 1995 it was incorporated as a company limited by guarantee and on 13 September 1995 it was reregistered as a charity. The Benevolent Fund's governing document is its articles of association (which were amended by special resolution on 19 July 2018), under which the Trustee-Directors have made rules for the management of the Benevolent Fund.

Trustee-Directors

The Benevolent Fund's articles of association provide that there shall be at least three Trustee-Directors. Trustee-Directors are appointed, for three-year terms, at general meetings of the Benevolent Fund, although the Trustee-Directors themselves may also make appointments for one year. Subject to the Benevolent Fund's articles of association, all decisions are taken by the Trustee-Directors (although the Chairman, with one other Trustee-Director, has limited delegated power to approve emergency grants). On appointment, each Trustee-Director receives an information pack, which, in addition to details about the Benevolent Fund, contains information relating to the roles of trustee and company director; this pack is updated as required.

Benevolent Fund

DIRECTORS AND TRUSTEES' REPORT (CONTINUED)

Advisory Council

The articles of association provide for there to be an Advisory Council of representatives of regional groups of the Institution of Structural Engineers: this Council has been established, comprising delegates from 18 of the UK/Republic of Ireland regional groups. The names of the Advisory Council members are given on page 1. As well as visiting applicants and beneficiaries and attending meetings of the Trustee-Directors, the Advisory Council members also contact widows/widowers of members and other potential beneficiaries, undertake local publicity on behalf of the Benevolent Fund and encourage contributions. Neither the Advisory Council members, nor the Trustee-Directors or anyone else acting on behalf of the Benevolent Fund (other than the principal advisers), receives any payment apart from out-of-pocket expenses.

Sub-committees

The articles of association authorise the Trustee-Directors to appoint sub-committees. The only sub-committee appointed in 2019 was the Investments Sub-Committee, comprising Mr J M Allen, Mr J D Parsons and Mr I G Hill.

Relationships with other organisations

The Benevolent Fund is deemed a connected charity to the Institution of Structural Engineers as its objects are to provide benefit to members of the Institution, and to former members and dependants of members, who are in need (See Section 4) and as it benefits from administrative services provided by the Institution. The affairs of the Benevolent Fund are conducted from the Institution's offices and the secretariat is provided by the Institution. During the year the Benevolent Fund received £7,247 of donated services from the Institution of Structural Engineers.

Wherever possible, the Benevolent Fund co-operates with other charities in relation to applicants and beneficiaries. The list of grants on page 23 shows joint beneficiaries of the Institution Structural Engineers and the Institution of Civil Engineers Benevolent Funds. The Benevolent Fund is a member of the Association of Charitable Organisations.

Risk

The Trustee-Directors oversee an ongoing assessment of the major risks to which the Benevolent Fund is exposed, in particular those relating to its operations and finances, and are satisfied that systems are in place to manage the Benevolent Fund's exposure to those risks. The most significant risk is the long-term fall in the value of the Benevolent Fund's investments, but these are kept under constant review by the Investment Managers and are monitored by the Investments Sub-Committee regularly. Further information pertaining to the impact of the Covid-19 pandemic on the Fund's income/investments, expenditure and cash flow may be found under Section 5 Financial Review. Another risk is the unexpected loss of the Secretary. In the period leading up to the retirement of the previous Secretary in July 2019 an enhanced procedural manual was prepared. Since then steps have been put in place to improve cover and support for the current Secretary.

Benevolent Fund

DIRECTORS AND TRUSTEES' REPORT (CONTINUED)

4 OBJECTS, ACTIVITIES AND ACHIEVEMENTS

Objects

The Benevolent Fund's objects are the prevention or relief of poverty or financial hardship of, and the relief of sickness and the preservation of health among, current or former members of the Institution and their dependents or former dependents, including, but not limited to, the provision of financial assistance, support, education and practical advice.

The fulfilment of these objects is clearly of public benefit.

Vision

The vision of the Benevolent Fund is to enable the Institution of Structural Engineers to care for its members, former members and their dependants, in time of need.

Public Benefit

The Trustee-Directors are satisfied that the aims of the Fund are carried out wholly in pursuit of its charitable aims. Members and non-Institution members benefit from receiving financial assistance in times of need.

The Trustee-Directors have regard to guidance on public benefit published by the Charity Commission, when exercising their powers and duties and where such guidance is relevant. The Trustees have considered the Charity Commission's general guidance on public benefit and have taken it into account when reviewing the Funds' aims and objectives and in planning its future activities.

Activities and achievements

The Benevolent Fund's principal activity during the year was the administration of funds held for charitable purposes.

There is no geographical restriction relating to beneficiaries, and the Benevolent Fund assists members and their dependants both within and beyond the United Kingdom.

The Trustee-Director's objective for 2019 was to assist between 15 and 30 Institution members and their dependents. During the year the Benevolent Fund helped 23 individuals and distributed £117,316 in grants which enabled them to meet day to day living expenses or specific items of expenditure. A summary of grants paid is given on page 23. Whenever possible, a representative of the Benevolent Fund visits an applicant to establish a personal link with the Benevolent Fund and to make an independent appraisal of the circumstances to guide the Trustee-Directors in their assessment of need: the Trustee-Directors are grateful to those who undertake this important and sensitive role.

Many members of the Institution, and some firms, support the Benevolent Fund by regular contributions. Some considerately remember the Benevolent Fund in their will. Regional Groups of the Institution also support the Benevolent Fund through fund-raising at events. The Trustee-Directors are most grateful for the generous support of the Benevolent Fund by all concerned.

Benevolent Fund

DIRECTORS AND TRUSTEES' REPORT (CONTINUED)

The Trustee-Directors have formulated a strategic plan, and also policies and procedures for the administration of the Benevolent Fund and its assets and for grant-making. These are kept under review.

5 FINANCIAL REVIEW

Trustee-Directors' responsibilities

The Trustee-Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustee-Directors to prepare financial statements for each financial year. In accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), under company law the Trustee-Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustee-Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee-Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This Trustee-Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustee-Directors. The Trustees-Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

All of the Trustee-Directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The Trustee-Directors are not aware of any relevant audit information of which the charity's auditors are unaware.

Benevolent Fund

DIRECTORS AND TRUSTEES' REPORT (CONTINUED)

Review of the year

The Benevolent Fund's income in the period comprised donations and legacies of £46,299 and investment income of £123,280, a total of £169,579. The overall income was 21% higher than in 2018. Grants made, including support costs, totalled £121,639 and investments costs were £22,313, realising an operational surplus of £25,627. The value of the Benevolent Fund at the year-end was £2,766,190. This mainly comprised investments held to generate income for the payment of grants.

Due to the uncertainty caused by the Covid-19 pandemic, the Trustee-Directors have reviewed the resilience of the Benevolent Fund to continue to fulfil its charitable objects and to meet its targets over the next 12 months. Four key measures have been assessed to determine the Fund's ability to continue as a "going concern" namely, the value of investments, income, expenditure, and cash flow. Based on a reforecast of the likely activity in each of these areas the Trustee-Directors are satisfied that the Fund continues to meet the 'going concern' definition. As the investment portfolio is made up of approximately 50% of shares in the banking and financial sectors it should be easier to convert these to cash, as this sector has coped better than others during the pandemic and consequently their shares are more attractive to investors. A more detailed assessment of the situation is given below with its likely impact.

Investment policy and performance

As the majority of the Benevolent Fund's investments are in listed securities, their market value (which is the figure used in the balance sheet) varies according to stock market conditions. At 31 December 2019 the market value of the investments including listed investments and cash deposits stood at £2,639,092, £267,662 above their historical cost. In light of the Covid-19 pandemic the Trustee-Directors requested a valuation of the investment portfolio. As of 20 March 2020, the value stood at £1,276,048, representing a loss of 48.4% of its 2019 year-end value. The most recent valuation as at 1st May 2020 was £1,285,838, a marginal improvement, which may suggest the low point has been passed. In addition, the Trustee-Directors have received confirmation from the portfolio fund manager that the Fund's Investment Policy and current investments remain appropriate. The expert advice is that there is no reason why the worst-hit sectors will not recover post Covid-19, although it remains unclear how long this may take. The Trustee-Directors remain confident that the Fund's Investment Policy remains appropriate to fulfil its objective of long-term growth. The effect of Covid-19 on the value of the investments is treated as a non-adjustment subsequent event and consequently these financial statements do not reflect the reduction in value post year end.

The investments chosen by the investment managers are roughly split 50/50 between the travel/leisure sectors and the banking and financial services sectors. Due to Covid-19 the share values of the investments in the travel and leisure sectors have decreased significantly. However, because the shares in the other sectors have been less affected, there is still enough liquidity within the portfolio to fund additional demands on resources should they be required in the next 12 months. At the end of March 2020 there was £78,303 in cash within the portfolio.

Income

Income is derived from two principal sources, firstly investments and secondly donations and legacies. Investment income in 2019 was £123,280 representing an increase of 33% over 2018 levels. Donations and legacies in 2019 were £46,299, marginally lower than the 2018 figure of £47,588.

The Trustee-Directors have reviewed investment income for 2020 and have been assured that "dividend flow from the existing portfolio is significant". However, dividend income is likely to be affected by a downturn in the value of individual investments.

Benevolent Fund

DIRECTORS AND TRUSTEES' REPORT (CONTINUED)

Donation income is unlikely to be significantly affected as much of the donations (£24,181) have already been received in Q1 of 2020. Furthermore, donations to the Fund tend to be resilient in times of recession – as evidenced in 2009 and 2010 when the average donation over the two years remained at £36,424.

Expenditure

So far as expenditure is concerned, the bulk represents grants to beneficiaries. The total varies year by year, and in 2019 grant expenditure was £121,639, 26% lower than 2018. The support and governance costs, including investment charges, amounted to £34,524.

No commitment to payments is made beyond a 12-month period and other than the grant, support and governance costs stated above the Fund has no overheads or financial commitments. However, the Trustee-Directors recognise that there is likely to be an increase in applications to the Fund though the remainder of 2020 and into 2021 and have reforecast expenditure for 2020 to be £250,000 an increase of 74% over 2019 levels.

Cash Flow

Cash, cash equivalents and cash held by investment managers at the end of 2019 was £225,058. Combined with the reforecast 2020 income of £108,000 and set against the reforecast expenditure of £250,000 there will be a need to release assets in the investment portfolio to the value of circa £100,000. The current value of the Fund's investment portfolio stands at £1,276,000 and as such the Fund is very well placed to continue its operations against a background of increased expenditure and reduced income.

Investment policy and performance

Under the articles of association, the Trustee-Directors have adopted rules governing the investment of funds. The Trustee-Directors have approved a detailed investment policy, in accordance with which the main objective of the portfolio is long-term growth in income and capital; the Benevolent Fund accepts medium risk in this aim. Activity in the portfolio is monitored by the Investments Sub-Committee, which receives detailed reports from the investment managers (W H Ireland Ltd), who are represented at its twice-yearly meetings.

Reserves policy

The Institution of Structural Engineers Benevolent Fund does not seek funding from outside the membership of the Institution of Structural Engineers. Approximately 27% of the Fund's income came from donations made with Institution subscriptions, one-off donations and bequests.

Legacy income, in particular, is very uncertain. The levels of dividends, interest received, and inflation tend to fluctuate. In order to safeguard the provision of grants to current and future beneficiaries the Trustees have agreed a target for reserves of between £2.25m to £2.7m with the position relative to the target reviewed at each Trustee meeting. As at 31 December 2019 the Fund held reserves of £2.77m. The target was almost achieved. The fund had free reserves of £303k at 31 December 2019, the remainder of its reserves being investments made for the purposes of generating income to pay grants to beneficiaries. Due to the impact of Covid-19 on the value of shares, the amount of free reserves has weakened significantly since the year end and hence, in the short-term, it is unlikely to meet the minimum reserves level of £2.25m at the of 2020. However, there is still enough liquidity in the Fund to meet its debts as they fall due.

Benevolent Fund

DIRECTORS AND TRUSTEES' REPORT (CONTINUED)

Grant-making policies

Under policies adopted by the Trustee-Directors, each case is considered on its merits (that is, there is no scale grant); grants are not made to assist in the professional development of Institution members; and grants are not, normally, made to Student members of the Institution, or to dependants or former dependants of Institution members who are either their children aged 21 or over or legally separated or divorced from the member, or for the purpose of funding private health care, or totalling more than £14,000 to any individual beneficiary (£20,000 for a couple, £7,000 for each child) in any year. Furthermore, payments are not made that would reduce a beneficiary's entitlement to public funding (each application is reviewed by the Benefits Consultant). If the Benevolent Fund settles debts, it will not normally pay any subsequent debts. Where applicable, the Benevolent Fund pays in respect of a beneficiary a sum to the Institution in respect of their annual subscription and Engineering Council UK fee.

Fund raising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although the Benevolent Fund does not undertake widespread fundraising from the general public, the legislation defines fund raising as 'soliciting or otherwise procuring money or other property for charitable purposes.' Such amounts are presented in our accounts as 'Donations and legacies'.

In relation to the above the Trustee-Directors 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 Secretary and members of the Advisory Council, who are accountable to the Trustee-Directors.

The Benevolent Fund is not bound by any undertaking to be bound to any regulatory scheme and the Trustee-Directors do not consider it necessary to comply with any voluntary code of practice.

No complaints have been received in relation to fundraising activities.

Charity Governance Code

The Trustee-Directors have considered the Charity Governance Code for smaller charities and have in general adopted its principles.

The Trustee-Directors of the Fund and the members of its Advisory Council are drawn from the membership of the Institution of Structural Engineers. Currently the diversity of this group is not as wide, or as representative of the Institution's membership, as the Trustee-Directors wish, and they intend to take steps to increase its diversity when opportunities are available.

Some Trustee-Directors have served for longer than ten years but having reviewed this it is felt to be appropriate; this will be kept under review.

6 PLANS FOR FUTURE PERIODS

While keeping the Benevolent Fund's policies, procedures and activities under review, and ensuring that it operates effectively and efficiently, the Trustee-Directors currently have no plans for major long-term change. Clearly the Covid-19 pandemic will lead to changes in income and an expected increase in applications in 2020 and 2021, which will in turn lead to an increase in the number of grants

Benevolent Fund

DIRECTORS AND TRUSTEES' REPORT (CONTINUED)

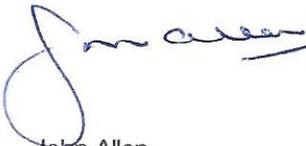
awarded to support members, former members and their families in financial need. Forecast changes are outlined in Section 5 – Review of the year. The Trustee-Directors will continue to promote the Benevolent Fund to potential beneficiaries, including outside the United Kingdom where some 35% of Institution members are located.

7 APPROVAL

These financial statements have been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Approved by the Chairman

on behalf of the Board.



John Allen

Trustee-Director

Date: 11-06-2020

Benevolent Fund

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE INSTITUTION OF STRUCTURAL ENGINEERS BENEVOLENT FUND

Opinion

We have audited the financial statements of The Institution of Structural Engineers Benevolent Fund ("the Charitable Company") for the year ended 31 December 2019 which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charitable Company in accordance with the ethical requirements 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 related to going concern

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

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

Benevolent Fund

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE INSTITUTION OF STRUCTURAL ENGINEERS BENEVOLENT FUND (CONTINUED)

Other information

The other information comprises the information included in the Directors' and Trustees' Report, other than the financial statements and our auditor's report thereon. The Trustees 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, which are included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Benevolent Fund

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE INSTITUTION OF STRUCTURAL ENGINEERS BENEVOLENT FUND (CONTINUED)

- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime; or
- were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 determines 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 Charitable Company'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 Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://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 Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members 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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Benevolent Fund

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE INSTITUTION OF STRUCTURAL ENGINEERS BENEVOLENT FUND (CONTINUED)

BDO LLP

Laurence Elliott (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

55 Baker Street, London, W1U 7EU

Date 13 June 2020

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

Benevolent Fund

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME & EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Total Unrestricted Funds	
		2019	2018
		£	£
Income			
Donations and legacies	3	46,299	47,558
Investment income	4	123,280	92,952
Total income		169,579	140,510
Expenditure			
Costs of raising funds			
Fundraising and publicity		-	8,678
Expenditure on Charitable activities			
Grants	12	121,639	164,982
Other			
Investment costs		22,313	27,597
Total expenditure		143,952	201,257
Net income / (expenditure) before gains and losses on investments		25,627	(60,747)
Realised gains on investments		221,640	134,791
Unrealised (losses) on investments	9	(22,584)	(774,335)
Net movement in funds for the year		224,683	(700,291)
Total funds brought forward		2,541,507	3,241,798
Total funds carried forward		2,766,190	2,541,507

All amounts relate to continuing activities.

All recognised gains and losses are included in the Statement of Financial Activities.

Summary income and expenditure account for Institution of Structural Engineers Benevolent Fund year ending 31 December 2019.

	Notes	All Income Funds	All Income Funds
		2019	2018
		£	£
Income			
Investment income	4	123,280	92,952
Gains on investments		221,640	134,791
Donations and legacies	3	46,299	47,558
Gross income in the reporting period		391,219	275,301
Net income for the financial year		391,219	275,301

Benevolent Fund

BALANCE SHEET
31 December 2019
Company number 3087463

		2019	2018
	Notes	£	£
FIXED ASSETS			
Investments	9	<u>2,462,936</u>	<u>2,440,624</u>
CURRENT ASSETS			
Debtors due within one year	10	203,794	49,308
Debtors due greater than one year	10	99,670	91,670
Cash at bank and in hand		48,902	11,324
		<u>352,366</u>	<u>152,302</u>
CREDITORS			
Amounts falling due within one year	11	(49,112)	(51,419)
NET CURRENT ASSETS		<u>303,254</u>	<u>100,883</u>
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS		<u><u>2,766,190</u></u>	<u><u>2,541,507</u></u>
INCOME FUND			
Unrestricted funds:			
General fund realised surpluses and gains		2,035,312	1,788,043
Unrealised gains on fixed asset investments		730,878	753,464
		<u><u>2,766,190</u></u>	<u><u>2,541,507</u></u>

The trustees have prepared accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

On behalf of the board:


 John Allen
 Trustee - Director

These financial statements were approved by the Board on 11 June 2020 and authorised for issue.

The notes on pages 18 to 24 form part of these financial statements.

Benevolent Fund

CASH FLOW STATEMENT AND RELATED NOTES
31 DECEMBER 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Net movement in funds for the financial year		224,683	(700,291)
Adjustments for:			
Net fair value (gains) / losses recognised in statement of financial activities		(199,056)	797,341
Dividend income from fixed and current asset investments	4	(123,280)	(92,952)
Decrease in trade and other debtors		(162,486)	(17,068)
(Decrease) /increase in trade creditors		(2,307)	21,879
Net cash used from operating activities		<u>(262,446)</u>	<u>8,909</u>
Cash flows from investing activities			
Dividends received on fixed and current asset investments	4	123,280	92,952
Purchase of current asset investments	9	(257,941)	(528,356)
Sale of current asset investments		434,685	413,651
Net cash used from investing activities		<u>300,024</u>	<u>(21,753)</u>
Net increase / (decrease) in cash and cash equivalents		37,578	(12,844)
Cash and cash equivalents at beginning of year		11,324	24,168
Cash and cash equivalents at end of year		<u><u>48,902</u></u>	<u><u>11,324</u></u>

Benevolent Fund

NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2019

1. ACCOUNTING POLICIES

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) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Institution of Structural Engineers Benevolent Fund 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).

Due to the Covid-19 pandemic the Fund has reviewed its income and expenditure and the impact on cash flow to May 2021. The current value and mix of investments within the investment portfolio was also reviewed and although there has been a significant drop in the value of the portfolio, the Trustee-Directors are satisfied that based on the work done that the preparation of the accounts on a going concern basis is appropriate. This conclusion has been largely formed based on the high level of liquid funds available compared to the annual spend.

(a) Income

Donations, gifts, and legacies

Donations, gifts, and legacies are included in the financial statements when; the Benevolent Fund has entitlement to the funds, there is a probability that the Benevolent Fund will receive economic benefit, and the monetary value can be measured.

Investment income

Investment income, including any tax recoverable thereon, is included in the financial statements in the year in which it is receivable.

(b) Expenditure

Expenditure is incorporated in the financial statements as incurred, and includes irrecoverable Value Added Tax.

Grants are incorporated when notified to beneficiaries. Any commitments payable at a later date are included in the balance sheet as creditors. Payments comprise grants awarded to members and their families. Any grants which are subsequently repaid are treated as donations.

Support costs

These costs represent the general administration in supporting the operational activities for which the charity is responsible.

Governance costs

These costs include the costs of governance arrangements which relate to the general running of the charity as opposed to the direct management functions inherent in the charitable activities. This includes external audit costs and legal fees.

(c) Investments

Investments are shown at market value. Unrealised gains and losses are incorporated within the fund balance and are identified as unrealised. Market value is based on bid prices for listed investments.

Benevolent Fund

NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2019 (CONTINUED)

d) Loans to beneficiaries

Loans to beneficiaries are recognised and measured at the amount paid, with the carrying amount adjusted in subsequent years to reflect repayments and any impairments.

The Benevolent Fund does not charge interest on its loans to beneficiaries.

2. NET INCOME AND NET MOVEMENT IN FUNDS

The net income and net movement in funds are wholly attributable to the company's activity of the administration of funds held for charitable purposes and arise mainly within the United Kingdom.

3. INCOME FROM DONATIONS AND LEGACIES

Donations in the year were received from:

	2019 £	2018 £
Regional Groups	2,684	5,326
Legacies	2,500	-
Tax recovery	2,298	2,027
Individual donations	38,817	40,205
Total	46,299	47,558

4. INVESTMENT INCOME

Investment income for the year is derived from:

	2019 £	2018 £
Listed investments including government securities	123,280	92,952
Cash deposit	-	-
	123,280	92,952

5. SUPPORT AND GOVERNANCE COSTS

	Basis of allocation	Fundraising & Publicity £	Grants £	Investments £	Total £
Management & administration	Expenditure ratios	-	11,506	22,313	33,819
Governance	Expenditure ratios	-	805	-	805
Total		-	12,311	22,313	34,624

Benevolent Fund

NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2019 (CONTINUED)

COMPARATIVE FIGURES FOR 2018

	Basis of allocation	Fundraising & Publicity £	Grants £	Investments £	Total £
Management & administration	Expenditure ratios	448	8,517	27,597	36,562
Governance	Expenditure ratios	132	2,508	-	2,640
Total		580	11,025	27,597	39,202

All grants issued are to individuals with links to the Institution of Structural Engineers, and who require financial assistance.

6. NET INCOME FOR THE YEAR

Net income is stated after charging:

	2019 £	2018 £
Auditors' remuneration	690	660

7. DIRECTORS AND TRUSTEES

No director received any remuneration during the year (2018 – none).

During the year 9 directors were reimbursed travelling expenses incurred whilst engaged on the business of the charity amounting to £2,126 (2018 – 6 directors were reimbursed £1,328).

The Benevolent Fund does not employ any staff, and there is no Senior Management remuneration.

8. RELATED PARTY TRANSACTIONS

During the year the Fund had the following transactions with the Institution of Structural Engineers.

	2019 £	2018 £
Income		
Charitable donations	39,002	44,613
Expenditure		
Management charge	6,000	-

Benevolent Fund

NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2019 (CONTINUED)

9. INVESTMENTS

	2019 £	2018 £
Carrying value at the beginning of year	2,464,457	3,123,260
Add: additions to investments at cost	257,941	526,653
Less: disposals at carrying value	(213,044)	(413,651)
Less: net loss / gain on revaluation	(22,584)	(774,335)
Cash movement	152,322	2,530
Carrying value at the end of the year	<u>2,639,092</u>	<u>2,464,457</u>

	2019 £	2018 £
Investments, all of which are in the UK, are made up of:		
Listed investments	2,462,936	2,440,623
Cash investments (see note 10)	176,156	23,834

Carrying value at the end of the year	<u>2,639,092</u>	<u>2,464,457</u>
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The historical cost of fixed asset investment is:	<u>2,371,430</u>	<u>2,377,258</u>
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The listed investments and cash deposits were managed on behalf of the company by WH Ireland, on a discretionary basis and include direct investment in listed investments and indirect investment through unit and investment trusts.

Cash deposits within the portfolio are held on overnight deposit.

Investments within the portfolio which amount to more than 5% of the total values are:

Listed investments

	2019 £	2018 £
47,620 Aviva GBP 0.25	199,385	178,813
91,000 BT Group GBP0.025	175,120	220,875
5,750 Carnival PLC ORD USD 1.66	209,530	190,972
18,200 EasyJet ORD GBP 0.27285714	259,259	201,110
69,000 International Consolidated Airlines Group	431,250	426,420
430,000 Lloyds Banking Group	268,750	238,510
3,375 London Stock Exchange Group	-	137,093
18,050 TUI AG ORD REG SHS NPV (DI) ST GBX12.25389	172,161	191,898
10,500 Prudential PLC	152,145	161,160
18,000 Rolls-Royce Holdings PLC	-	149,400
110,850 Royal Bank of Scotland PLC	266,373	229,377
	<u>2,133,973</u>	<u>2,325,628</u>

Benevolent Fund

NOTES ON THE FINANCIAL STATEMENTS

31 DECEMBER 2019 (CONTINUED)

Other listed investments individually under 5%	328,963	114,995
Cash investments	176,156	23,834
	2,639,092	2,464,457

Investment Management Fees:

	2019	2018
	£	£
Amounts paid to manage investments	22,313	27,597
	22,313	27,597

Investment management fees appear in the Statement of Financial Activities under Other Costs

10. DEBTORS

	2019	2018
	£	£
Amounts due within 1 year:		
Unsecured loans to beneficiaries	2,000	-
Cash investments	176,156	23,834
Other debtors	25,638	25,474
Amounts due after 1 year:		
Secured loans to beneficiaries	91,670	91,670
Unsecured loans to beneficiaries	8,000	-
	303,464	140,978

The secured loans to beneficiaries were advanced on the security of a fixed charge over freehold property. The loans are repayable when vacant possession of the properties is available. The Benevolent Fund does not charge interest on these loans. The unsecured loan is repayable over 5 years with the first instalment due in 2020.

11. CREDITORS

	2019	2018
	£	£
Amounts falling due within 1 year:		
Other creditors	742	1,061
Management charge	6,000	-
Grant creditors – secured	42,370	50,358
	49,112	51,419

Benevolent Fund

**NOTES ON THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (CONTINUED)**

12. GRANTS 2019

	£	
Grants committed to during 2018 and paid during 2019	(50,358)	First assisted
226 Widow of Fellow, aged 91*	3,450	1998
294 Fellow, aged 91, married*	2,590	2010
308 Graduate, aged 71*	2,450	2010
310 Widow of Fellow, aged 78	4,075	2010
312 Member, aged 82, married	3,565	2010
330 Widow of Member, aged 82	8,900	2012
337 Former Associate-Member, aged 67, married	2,075	2014
342 Widow of Fellow, aged 82*	4,968	2014
345 Daughter of former member, aged 20	500	2019
352 Associate Member, aged 60 with 1 child	13,809	2016
355 Fellow, aged 85, widowed	4,659	2016
358 Fellow, aged 91, married	6,200	2017
362 Fellow, aged 95, married*	2,145	2017
366 Student, aged 22	375	2018
367 Technician, aged 63, married	11,682	2018
369 Fellow, aged 81, married	15,240	2018
370 Fellow, aged 74, married	8,450	2018
371 Former member, aged 44, single*	530	2019
373 Former member, aged 42, single	7,312	2019
374 Widow of former member, aged 80	3,000	2019
375 Graduate, aged 48, married	5,000	2019
376 Member, aged 63, married*	4,256	2019
377 Graduate, aged 65, married*	2,085	2019
Total grants paid during 2019	<u>117,316</u>	
Grants committed to during 2019 and due to be paid during 2020	42,370	
Allocated support costs	12,311	
	<u><u>121,639</u></u>	

*Joint beneficiary of the Institution of Structural Engineers and the Institution of Civil Engineers Benevolent Funds.

Benevolent Fund

**NOTES ON THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (CONTINUED)**

13. Analysis of changes in net debt

	At the 1 st January 2019	Cash flows	Other non- cash changes	At 31 st December 2019
	£	£	£	£
Cash	11,324	37,578	-	48,902
Cash investments	23,834	152,322	-	176,156
	<hr/> 35,158	<hr/> 189,900	<hr/> -	<hr/> 225,058
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<hr/> 35,158	<hr/> 189,900	<hr/> -	<hr/> 225,058

14. Subsequent event

Since the end of 2019, the main risk to the Charity is the uncertainty created by the Covid-19 pandemic. The financial impact of the pandemic is set out in section 1 of the Accounting Policies with additional information provided in the Review of the Year section of the Report of the Directors and Trustees. The results for 2019 shown in the financial statements have not been adjusted to include the impact of Covid-19. It is considered to be a subsequent event and does not alter the view that the Charity remains a going concern.