# THE BENEVOLENT FUND OF THE INSTITUTION OF MECHANICAL ENGINEERS

England & Wales · Charity number 209465

## Details

| | |
|---|---|
| **Other names** | SUPPORT NETWORK |
| **Status** | Registered |
| **Legal form** | Charitable company |
| **Company number** | 00130981 |
| **Registered** | 1962-12-14 |
| **Register** | View on the Charity Commission register |

## Contact

| | |
|---|---|
| **Address** | Institution Of Mechanical Engineers<br>1 Birdcage Walk<br>London<br>SW1H 9JJ |
| **Phone** | 02073046883 |
| **Email** | supportnetwork@imeche.org |
| **Website** | www.imeche.org/support-network |

## Activities

**Objects:** The Charity’s objects are restricted specifically to the following:4.1 To provide financial or other assistance to necessitous persons who are:4.1.1 members of the Institution of Mechanical Engineers (the Institution);4.1.2 former members of the Institution;4.1.3 the spouses, widows, widowers, children, relatives and other dependents of such members or former members of the Institution (whether such members or former members are alive or dead at the time such provision is sought). 4.2 To relieve, or assist in the relief of, poverty or financial hardship throughout the world, in particular but without limitation to the provision of funding for development projects, particularly projects or parts of projects with a strong engineering or technical component.4.3 To advance education, in particular through providing funding in support of projects which develop capability in science, technology, engineering and mathematics.

**Activities:** To provide help for members, former members, and dependants of both members and ex-members of the Institution of Mechanical Engineers, who are in need.

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## Classification

- **How:** Makes Grants To Individuals, Provides Other Finance, Provides Services, Provides Advocacy/advice/information, Other Charitable Activities
- **What:** The Prevention Or Relief Of Poverty
- **Who:** Children/young People, Elderly/old People, People With Disabilities, Other Defined Groups

## Geography

- Australia
- France
- Ghana
- Greece
- Hong Kong
- India
- Ireland
- Italy
- Kenya
- Malaysia
- Malta
- New Zealand
- Nigeria
- Northern Ireland
- Pakistan
- Peru
- Portugal
- Scotland
- South Africa
- Sri Lanka
- United States
- Throughout England And Wales

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## Finances

| Period end | Income | Expenditure | Assets | Employees |
|---|---|---|---|---|
| 2024-12-31 | £1,741,263 | £944,963 | £39,576,109 | 4 |
| 2023-12-31 | £1,273,507 | £1,012,847 | £35,119,356 | 4 |
| 2022-12-31 | £1,306,677 | £772,548 | £34,005,080 | 4 |
| 2021-12-31 | £1,267,538 | £729,425 | £34,986,676 | 4 |
| 2020-12-31 | £1,189,793 | £705,278 | £31,147,999 | 4 |

## Trustees

| Name | Role | Appointed |
|---|---|---|
| Andrew Rowland | | 2020-07-17 |
| Chukwuma Onunkwo | | 2021-07-27 |
| David Price | | 2022-10-25 |
| Farah Baksh | | 2020-07-17 |
| Harshitha Manjula Rajappa | | 2022-07-29 |
| Jodie Howlett | | 2022-07-29 |
| Martin Burrows | | 2025-03-31 |
| Robert Cuthbertson | | 2023-09-19 |
| Wendy Garner | | 2025-03-31 |

## Linked charities

- E G COKER BEQUEST (209465-1)

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THE BENEVOLENT FUND OF THE INSTITUTION OF MECHANICAL ENGINEERS

England & Wales - Charity number 209465

# Accounts

# The Benevolent Fund of the Institution of Mechanical Engineers

Annual Report and Accounts For the year to 31 December 2024

Company Registered in England No.130981
Registered Charity No: 209465

| | |
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## INTRODUCTION

The Trustees are pleased to submit their annual report which incorporates the Director's Report and accounts for the year ended 31 December 2024. In preparing this report the Trustees have complied with the Charities Act 2011, the Companies Act 2006, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in UK and Republic of Ireland (FRS102), and the company's Articles of Association governing document.

## REFERENCE AND ADMINISTRATIVE DETAILS

The Benevolent Fund of The Institution of Mechanical Engineers (also known as, and now operating under, the working title of 'Support Network') was founded in 1913 and is registered with the Charity Commission for England and Wales as charity number 209465. Support Network is also a Company Limited by Guarantee; and is registered with Companies House as company number 130981. The Trustees, Officers and professional advisers of the charity are listed on page 19 of this report. Support Network operates throughout the United Kingdom and internationally, wherever there are members (or former members) of the Institution of Mechanical Engineers (IMechE). Although close ties exist between Support Network and the IMechE, it should be noted that they are separate and distinct registered charities and companies, with different objectives, funds and management structures.

## STRUCTURE, GOVERNANCE AND MANAGEMENT OF THE CHARITY

Support Network is a charitable company limited by guarantee, established under a Memorandum of Association, now revised as Articles of Association (January 2020) which sets out the objects and powers of the charitable company and all governance provisions relating to the same. A copy of the current version of the Articles of Association are filed with both the Charity Commission for England and Wales and at Companies House. The Directors of the company are also charity Trustees for the purposes of charity law. The governing body of Support Network is the Trustee Board, and the Trustees are jointly responsible for its governance.

Support Network's charitable objectives are the relief and prevention of poverty. In December 2019, permission was given to expand the existing charitable objectives to include assistance to both individuals and organisations, these being:

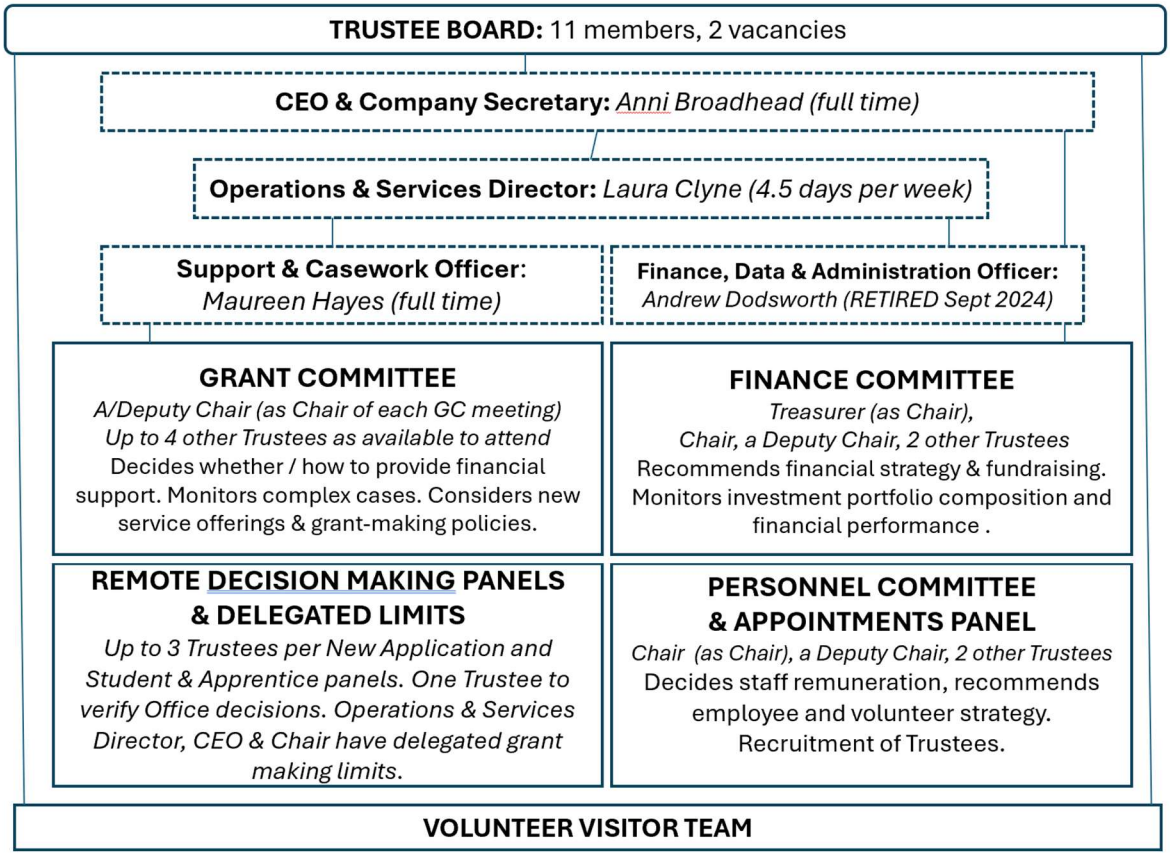
- Members (or former members) of the Institution of Mechanical Engineers (IMechE).
- The partners, civil partners, widows, widowers, children (including adult children), relatives and other dependents of such members or former members (whether such members or former members are alive or dead at the time such provision is sought).
- To relieve, or assist in the relief of, poverty or financial hardship throughout the world, in particular but without limitation to the provision of funding for development projects, particularly projects or parts of projects with a strong engineering or technical component.
- To advance education, in particular, through providing funding in support of projects which develop capability in science, technology, engineering and mathematics.

Since 2019, Support Network has had a team of four full-time equivalent staff, who are based in the London office though largely work from home. During 2024 the Finance, Data & Administration Officer retired. The organisation will seek to recruit new staff during 2025, following a review of current and anticipated future personnel needs. It relies on a dedicated network of volunteers, who themselves are mostly members of the IMechE and thus also form part of the eligible 'community' of users of the organisation’s services. Volunteers assist with casework through making home visits and/or telephone or online calls for financial verification or anti-loneliness purposes, plus our international volunteers act as in-country representatives to provide a wider context to member applications. Volunteers are thereby involved with the majority of the welfare

interventions and casework undertaken by the organisation. They are accordingly a mainstay of Support Network's activities and a principal point of contact with new applicants and existing beneficiaries. As presently constituted, Support Network could not operate without them. Purely in terms of hours of casework, Support Network would require at least two extra full-time staff if there were no volunteers.

Trustees are responsible for setting the organisation strategy and for ensuring that this is implemented by the Chief Executive. To assist with this work there are three sub-committees which are accountable to the main Trustee Board. There are also additional remote grant decision making panels, and members of each committee and panel are listed on page 19. A diagram of the structure of the organisation at May 2025 is shown below:

**ORGANISATION STRUCTURE AT MAY 2025**




***Trustee Board:***
The Trustee Board, when complete, consists of at least eight and not more than thirteen individuals. The current Board comprises 11 elected and/or co-opted members. None of the Support Network Trustees are also IMechE Trustees.

The Trustees serve for a fixed period of three years, after which time they are eligible to stand to be re-elected to serve for a further three years, after which time they must retire for at least one year, before being eligible to serve on the board again. This above requirement applies unless they hold the office of Chair or Deputy Chair at the time that their retirement would fall to be effective, at which point they may serve for an additional consecutive 1-2 years (Deputy) or 4 years (Chair). This is in order to facilitate succession planning. Candidates to be considered for election to the Board are invited to submit statements of application against the Person Specification required that year, and after an informal discussion with the CEO, they are usually invited to attend an interview either with the Chair and a Deputy Chair, or otherwise the Appointments Panel (usually

comprising the Chair, Deputy Chair and one or two other Trustees, who are usually also members of the Personnel Committee). New trustees are elected by the full Trustee Board and usually take office with effect from the date of the July Trustee Board meeting, which is also usually the first Trustee Board meeting that they attend unless they have been co-opted at another stage of the calendar year.

The elected Trustees are often already familiar with either: 1) the purpose and practical work of Support Network, (as they have largely been recruited from those who have demonstrated a commitment to the aims and ethos of the charity by volunteering to act as 'Visitors'); or 2) with the work of the IMechE, as candidates are usually IMechE members; undertake volunteer activities for the IMechE; or are employed in a role which brings additional expertise to the Support Network board e.g. communications experience. It is however our intention to widen this recruitment pool to individuals who are not connected to the IMechE and who can bring different experiences and skills to the Trustee Board.

All Trustees are recruited in accordance with adding the required skills and experience to the board, on the basis of a skills audit of all Trustees, and associated succession planning exercises. Requirements in respect of the Code of Governance, especially those in respect of Diversity and Inclusion are considered when planning for and undertaking the recruitment of new Trustees.

During their induction process, each new Trustee is provided with access to all the necessary reference documents, policies and procedures for them to play an effective role on the Trustee Board, including copies of the governing document, Charity Commission publications, terms of reference for committees, risk register, latest full statutory accounts, and the previous year of Trustee Board minutes and financial statements. Policy documents are reviewed and revised as appropriate, with the latest editions posted on an internal Extranet, accessible via a password protected area of the governance section within the Support Network website pages. New Trustees are invited to meet with the Chief Executive (either online or at the company's registered office in London), in order to familiarise themselves with the charity, to undertake to meet the other members of the staff team, and to talk through the role and requirements in more depth. They are also required to attend external training sessions, provided by specialists in governance, to include the role, duties and responsibilities of a Trustee; finance and investment skills for Trustees; and other governance related training as applicable.

The IMechE President and IMechE Chief Executive are Patrons of the charity. During 2024 it was confirmed that HM King Charles III would remain as our Royal Patron.

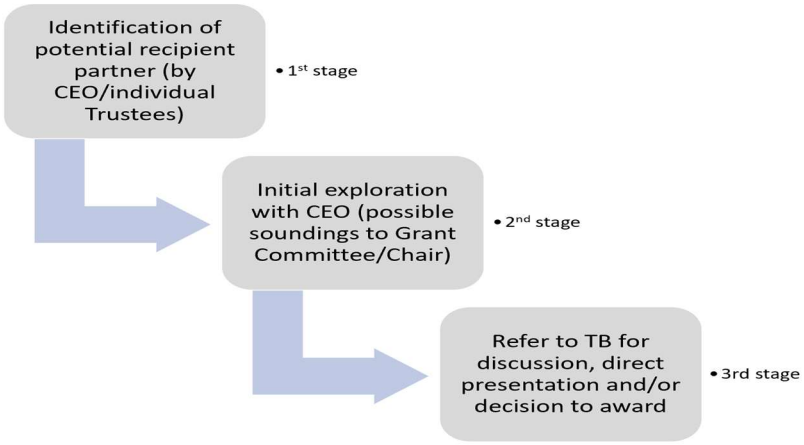
***Grant Committee:***
The Grant Committee meets as required, usually twice a year, with the purposes of deciding awards/loans in referred presented cases within the grant making framework of policies and guidelines agreed by the Trustee Board; monitoring complex cases; overseeing cases determined by the staff and discussing amendments to grant making policies and strategy. It also considers the awards given via other decision making routes, and discusses new provider opportunities, with a view to making recommendations to the Trustee Board regarding emerging patterns of need and appropriate responses to the same. On occasions, potential foundation grant recipients might also be considered in principle, before being considered in full by the Trustee Board. The Grant Committee is usually chaired by one of the Deputy Chairs, and includes up to four other Trustees, together with members of staff. New volunteers are invited to attend as part of their induction training. Other volunteer visitors may also be asked to attend if one or more of their cases are being considered and especially if those are thought to be quite complex, requiring additional discussion in person to assist with the decision-making process. All new Trustees are asked to attend a Grant Committee meeting during their first year of appointment as part of their induction or as soon as possible thereafter. Trustees who do not undertake application related visits are especially encouraged to attend Grant Committee meetings in order to understand part of the core service provision and the related risks and /or strategic elements of the same.

***Finance Committee:***
The Finance Committee meets as required to consider specific areas of finance. On an annual basis, usually in February, it receives investment manager presentations in respect of the performance of funds during the preceding year. The organisation undertakes a full review of the investment portfolio on a five yearly basis. The Finance Committee is comprised of up to five Trustees, including the Treasurer, Chair, a Deputy Chair and two other Trustees. All matters of strategic finance, investment portfolio, fundraising targets and financial procedures can be considered by this committee, which then reports to the Trustee Board. Whilst the committee has a stated membership for ongoing development work, an open invitation is extended to all Trustees in respect of attending the annual investment manager presentations. This full invitation is also extended to any Finance Committee meeting which is attended by the auditor e.g. to present the annual audit findings and to receive questions from Trustees as part of the statutory accounts agreement and signing process. An opportunity is provided at that meeting for the auditor and Trustees to meet without staff being present. All new Trustees are asked to attend the first Finance Committee after their appointment as part of their induction.

***Personnel Committee:***
The Personnel Committee meets as required to consider specific personnel related issues, and at least annually (usually in December) when it considers the appraisals and performance of the staff team during the past year, their objectives for the coming year, and sets their individual remuneration. The Trustee Board delegates matters of staff administration, pay awards, benefits and organisation to the Personnel Committee. Issues, policies and/or procedures relating to volunteers are also considered here in the first instance. This committee is comprised of four Trustees, where possible including the Chair and a Deputy Chair of the Trustee Board. Care is taken to ensure that the membership composition of the Personnel Committee does not completely change between the annual regeneration focused meetings to ensure continuity of decision making. The work of the committee is often progressed by email, on a subject specific basis, in between meetings. Policies and procedures in relation to safeguarding, and compliance with the General Data Protection Regulation 2016/679 (GDPR) is within the remit of the Personnel Committee. The Appointments Panel, which interviews potential candidates to be considered for election to the Trustee Board is a sub-set of the Personnel Committee. Similarly, members of the Personnel Committee usually comprise the panel for any employee recruitment.

***Remote Grant Decision Making Panels and direct service referrals:***
Referrals to the employment coaching service, the New Application Panel, Student & Apprentice Panel, Office Decisions process and decisions made by the Chair, Chief Executive or Operations and Services Director, as are all additional decisions making routes which enable grant award decisions to be taken without applicants experiencing undue delay. All decisions are made within limits of type and financial amount that have been previously agreed and delegated by the Trustee Board. All awards determined by the remote grant decision making panels are reported to the following Grant Committee meeting for verification.

***Foundation Funding:***
During our initial implementation of the foundation funding programme, most decisions relating to which organisations to be awarded foundation funding, and at what level/duration etc., have either been made by the full Trustee Board and/or following a presentation by the applicant organisation to which all Trustees have been invited. In addition, designated Trustees and/or working groups have been used to link to specific projects to help with progression and management. This is an approach which we kind engages all Trustees in an important area of our work that still feels relatively 'new'. A strategic review of this area occurred in 2023 and a further review is scheduled for later 2025 and into 2026.




**RISK MANAGEMENT**

The Trustees have identified the major strategic risks to which Support Network is exposed, and have considered controls and actions to mitigate them. The Trustees also take appropriate steps to moderate and manage the operational risks to which volunteers and staff of Support Network are exposed. The risk register is reviewed in full on an annual basis, usually at the October Trustee Board meeting. Competence based training for Trustees & volunteers, employer's indemnity insurance and monitoring of new legislative requirements are all examples of steps that are routinely undertaken. Authority for the day to day management of risk is delegated by the Trustee Board to the Chief Executive. In addition, the Chief Executive, who is also the Company Secretary, undertakes regular reviews of governance related risks, to complement those reviewed by the sub-committees.

Work on the format and presentation of the risk register commenced during 2022 with agreement to make the most significant risks more prominent, essentially 'lifting' them away from other largely mitigated risks, and to also show the difference between pre and past mitigation risk values. It has been agreed to further develop the format of the risk register during 2025 to make this even more informative. In the interim, the Trustees have identified specific key risks to the charity and the actual steps taken to mitigate those risks. The risk value is currently calculated as: Impact x Probability, where 1= low and 5 = high. Save for the risk shown below, all other risks have a value of 3 or less:

**MAIN RISK:**

Expansion of Foundation project funding brings associated yet unanticipated organisational risks – assessed as risk value 4 (2x2). Trustees continue to feel that whilst the expansion of our activities into providing funding to organisations through our foundation funding work is welcome to increase our impact and public benefit, it also brings the organisation into new areas of operating, with associated uncertainties. There is much to learn in this new area – providing grants to fund projects is very different to awarding grants to individuals. Issues such as multi-year agreements; health and safety of projects; third party engagement; pace of project progress; funding projects internationally, have all been aspects that have been considered by Trustees during 2024. We anticipate additional demands, and possibly risks too, as we increase the number of foundation grants that we have in parallel to each other. Although we undertook a strategic review of this function in the round during 2023, it was felt that the risks would remain in some degree as an inherent part of this activity.

## CHARITY ACTIVITIES AND PUBLIC BENEFIT

Support Network is a charity which was established in 1913 for "the prevention and relief of poverty." In guidance concerning public benefit ('Public benefit: the public benefit requirement (PB1)'; 'Public benefit: running a charity (PB2)'; 'Public benefit: reporting (PB3) and 'Public benefit: rules for charities' February 2014) the Charity Commission recognised that for charities which have these charitable objectives, the rules relating to 'public' benefit are different in that:

*"...in general, for a purpose to be charitable it must satisfy both the 'public' and 'benefit' aspects of public benefit. However, if the purpose is to prevent or relieve poverty, the position is different. In the case of charities for the relief (and in some cases the prevention) of poverty the courts consider the public benefit requirement can be met by satisfying the 'benefit' aspect only. In these cases there is no separate consideration of the 'public' aspect. Legal requirement: only charities with a purpose to relieve (and in some cases to prevent) poverty can define who can benefit by reference to their family relationship (that means their descent from one individual); their employment by an employer; their membership of an unincorporated association"*

*('Public benefit: the public benefit requirement' Charity Commission, September 2013)*

At 31 December 2024, there were over 115,000 current Members of the IMechE in over 140 countries around the world. Taken together with partners, widows, widowers, children, relatives and other dependents of such members and/or former members who are also eligible, the number of people eligible for assistance from Support Network is estimated to be in the order of at least 250,000 across the world. In its' guidance concerning charitable purposes ('Charitable Purposes', issued in September 2013 and updated in September 2014) the Charity Commission recognised that generally, the relief of poverty includes its prevention and the prevention of poverty includes its relief:

"...*There can be no absolute definition of what 'poverty' might mean since the problems giving rise to poverty are multi-dimensional and cumulative. It can affect individuals and whole communities. It might be experienced on a long or short-term basis. Poverty can both create, and be created by, adverse social conditions, such* as *poor health and nutrition, and low achievement in education and other areas of human development…The prevention or relief of poverty is not just about giving financial assistance to people who lack money; poverty is a more complex issue that is dependent upon the social and economic circumstances in which it* arises. *The commission recognises that many charities that are concerned with preventing or relieving poverty will do* so *by addressing both the* causes *(prevention) and the consequences (relief) of poverty.*

*"…Not everyone who is in financial hardship is necessarily poor, but it may still be charitable to relieve their financial hardship under the description of purposes relating to 'the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage. In most cases, the commission will treat the relief of poverty and the relief of financial hardship the same. Generally speaking, it is likely to be charitable to relieve either the poverty or the financial hardship of anyone who does not have the resources to provide themselves, either on a short or long-term basis, with the normal things of life which most people take for granted. Examples of ways in which charities might relieve poverty include: grants of money; the provision of items (either outright or on loan) such as furniture, bedding, clothing, food, fuel, heating appliances, washing machines and fridges; payment for services such as essential house decorating, insulation and repairs, laundering, meals on wheels, outings and entertainment, child-minding, telephone line, rates and utilities; the provision of facilities such as the supply of tools or books, payments of fees for instruction, examination or other expenses connected with vocational training, language, literacy, numerical or technical skills, travelling expenses to help the recipients to earn their living, equipment and funds for recreational pursuits or training intended to bring the quality of life of the beneficiaries to a reasonable standard; the provision*

*of money management and debt counselling advice are examples of the ways in which charities might help prevent poverty... "* *('Charitable Purposes', Charity Commission, September 2013)*

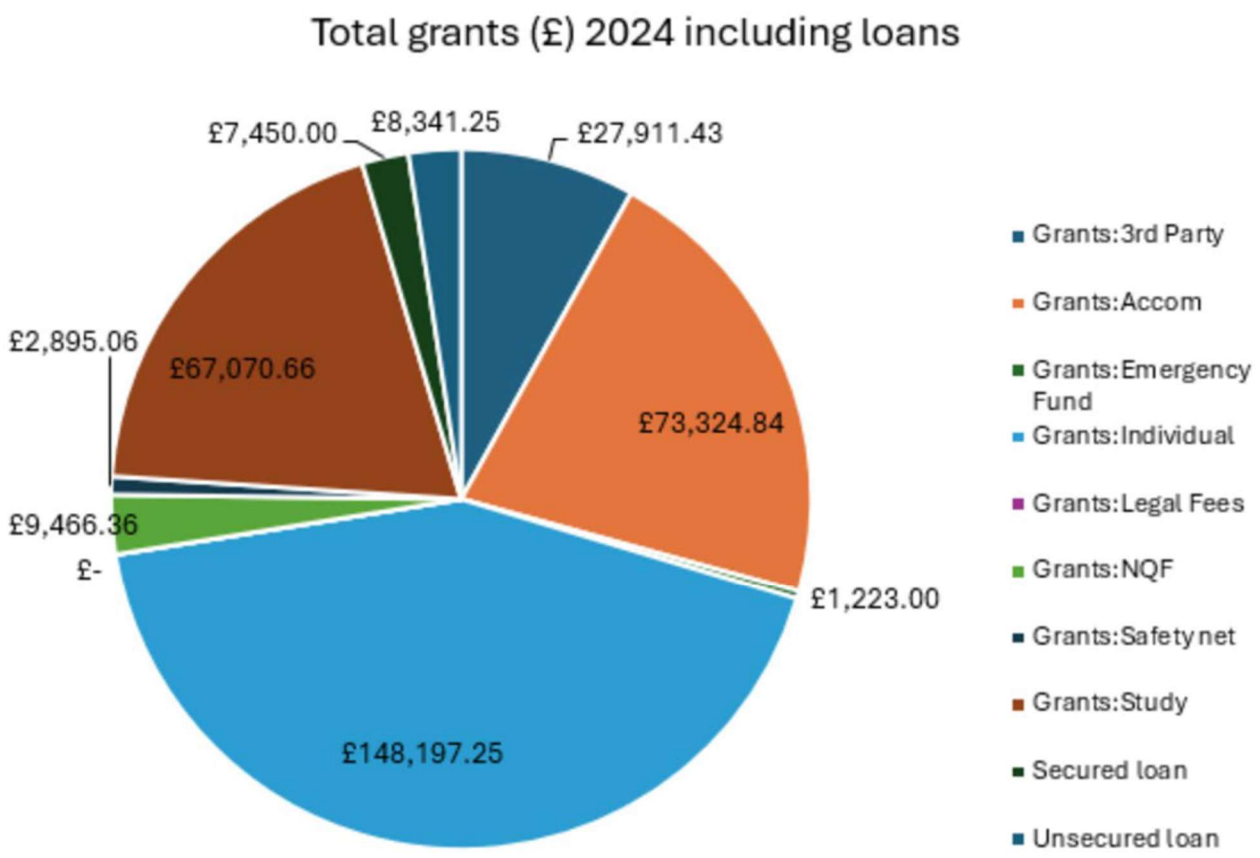
Accordingly, to meet its poverty related objects, Support Network aims to prevent or relieve poverty by providing financial grants and/or non-financial support services to eligible individuals in 'need' due to experiencing difficulties in their lives, such as poor mental health, accidents, ill health, disability, bereavement, unemployment, relationship breakdown, the separation of families, meeting the care needs of others, and/or subsequently returning to employment after attending to any of the same. Thus, in addition to cash grants and interest-free secured loans, Support Network also provides specialist advice, information, guidance, facilitated peer mentoring, employment coaching, counselling, loneliness support, respite breaks, and memberships of autism and dyslexia support groups. At a detailed level this can include:

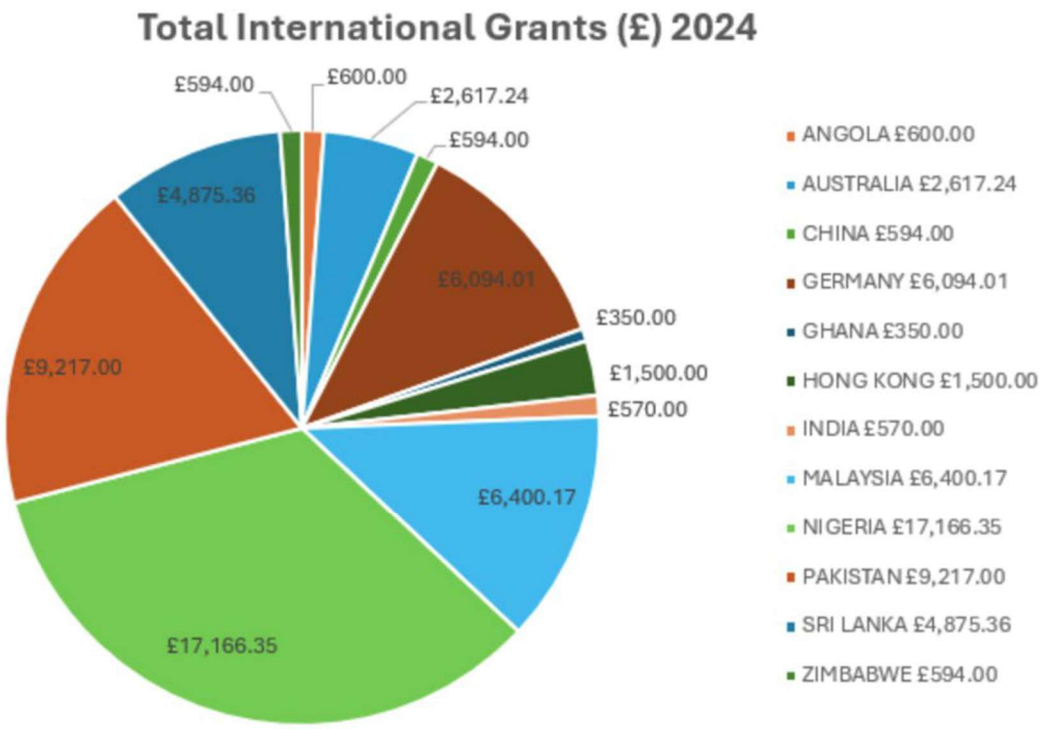
- Grants to disabled or financially disadvantaged undergraduates, Apprentices, Diploma and other students up to and including those pursuing a PhD, to enable them to complete their studies and thus to become self-sufficient, ideally via careers in mechanical engineering.
- Professional employment coaching support to those who are unemployed, at risk of redundancy, and/or to improve job seeking prospects, including post career-break.
- One-off payments for purpose specific expenditure, e.g. disability equipment.
- Time limited, 'breathing space' grants to address temporary or transitional difficulties.
- Interest-free secured loans to homeowners e.g. to assist with essential works or disability.
- Debt and money advice.
- Themed payments to assist with particular expenditure e.g. Winter Warmth.
- Advice and support from and/or memberships of specialist organisations in respect of autism, dementia, care and the associated demands of meeting these needs.
- Provision of respite breaks and outings for carers and the cared for, either together or separately.
- A telephone befriending and social visits service to reduce social isolation and loneliness.
- Educational, and/or life enhancing experiences for disabled children, or at times of parental separation/ reduced financial circumstances.
- Contributions towards meeting buildings and contents insurance costs.
- Grants for furniture, bedding, clothing, food, heating appliances, washing machines, fridges etc.
- Fuel grants and energy efficiency advice to ensure that homes are safe and warm.
- Telephone, broadband and online access grants to promote social inclusion.
- Home emergency alert systems and other adaptations to enable independent living.
- Self-access online information guides.
- General and legal advice in respect of everyday, and/or court related problems, ensuring that information needs are readily met and/or potential options for action are identified in a timely manner.
- Contributions to necessary specialist health care not publicly available.
- The provision of equipment for disabled people.
- New baby grants for essential items.
- Parenting and grandparenting support helpline and resources
- Webinars providing advice in respect of finance, wellbeing, nutrition and mental health subjects.
- Sleep support

**GRANT DISTRIBUTION IN 2024**

In deciding what assistance to offer, Support Network assesses the needs of each applicant against their individual circumstances, including their social and economic conditions. We recognise that poverty is a relative concept, and what constitutes poverty in an affluent society is very different in absolute terms from poverty in a developing country. In this regard, and especially as much more can be understood from a face-to-face conversation at the applicant's home, the organisation places considerable weight on the report and recommendations made by the Visitor, recognising that, particularly internationally, those based locally are better able to judge what is an appropriate and reasonable standard for the basic necessities of life. Mental health difficulties are also taken into account, and very often, a series of visits will be required to fully support applicants for whom mental health difficulties are an ongoing issue. Where possible all services are equally available, irrespective of geographical location, e.g. Support Network uses an employment specialist partner that can provide their services on a worldwide basis through the use of digital resources, email and/or online meetings and contact.

In seeking to expand the charitable objectives, the Trustees had due regard to the Charity Commission guidance on public benefit and accordingly decided to commence funding projects which would increase the reach of those assisted to be beyond the defined eligible group of IMechE members and their relatives. As such, the charity can now reach further in undertaking work to meet its objectives, and has continued to make such grants since the first was made in December 2020


Total grants (£) 2024 including loans
£7,450.00
£8,341.25
£27,911.43
£2,895.06
£67,070.66
£73,324.84
£9,466.36
£-
£1,223.00
£148,197.25
Grants:3rd Party
Grants:Accom
Grants:Emergency Fund
Grants:Individual
Grants:Legal Fees
Grants:NQF
Grants:Safety net
Grants:Study
Secured loan
Unsecured loan


Total International Grants (£) 2024
£594.00
£600.00
£2,617.24
£594.00
£4,875.36
£6,094.01
£350.00
£9,217.00
£1,500.00
£570.00
£6,400.17
£17,166.35
ANGOLA £600.00
AUSTRALIA £2,617.24
CHINA £594.00
GERMANY £6,094.01
GHANA £350.00
HONG KONG £1,500.00
INDIA £570.00
MALAYSIA £6,400.17
NIGERIA £17,166.35
PAKISTAN £9,217.00
SRI LANKA £4,875.36
ZIMBABWE £594.00

## ACHIEVEMENT AND PERFORMANCE

**Activities planned for 2024 were:**

**MAINTAIN A FOCUS ON MENTAL HEALTH INITIATIVES:** During the year we wanted to continue to promote positive and/or preventative measures to maintain good mental health and wellbeing. We wanted to notice and be responsive to any issues of stigma /reluctance to reach out for help and to reshape our offerings to assist in delivering support to those in need across a wider range of areas. All of these were achieved. For example, we provided 121 counselling grants (74 in 2023) and expanded the range of webinars to address wellbeing and financial self-help measures, some of these being targeted to specific sections of the membership e.g. avoiding burnout; banishing working parent guilt; mastering self-belief and imposter syndrome. We promoted the NEST (Nurturing Empowering Supporting Training) helpline and referral service to help parents and carers feel assisted with practical and emotional interventions to manage their competing demands at home and at work.

**FURTHER ASSIST WITH ENGINEERING CAREER FUTURES:** We continued to focus on our Student, Apprentice, and Newly Qualified grant programmes, both in the UK and internationally. We were able to help a greater range of international students, due to the embedding of our model of working with international universities to identify and distribute funds to students. This service will be further expanded in 2025 as we add other countries to this model. We continued to deliver our employment training, career break return and mentoring support, and noticed that whilst the numbers of individuals assisted in these areas was fairly similar to that of 2023, the complexity of the applicant's life situations was high, requiring additional ongoing casework. We introduced a fund to support Armed Forces service leavers and veterans.

**EXPAND OUR FOUNDATION GRANT-MAKING:** Our intention for the year was to build on our 2023 work and experience in this area, by making more grants, ideally across all of our target areas of education, engineering innovation and international development and to see more projects through to completion. In financial terms we made award decisions amounting to £130K.

Our work with the Sky Is The Limit (SITL) project in Fort Portal, Uganda, via the Mondo Foundation, saw the completion of farmhouse, irrigation system, and new crops developed to diversify the diets of the schoolchildren as well as provide a sustainable source of food. We will continue to work with this project in 2025 and 2026. We built another bridge in Rwanda to connect communities and enable economic regeneration, continuing the work with this provider partner, Bridges to Prosperity.

**IMPLEMENT ESG PRINCIPLES TO OUR INVESTMENT PORTFOLIO (environment, social, governance) and UNDERTAKE FINANCIAL REVIEW:** During 2024 we commenced making active changes to restructure our investment portfolio with our revised investment strategy and ESG policies adopted during 2023, in order to further align our investments with our mission. Accordingly, our multi-asset holding with Cazenove was converted into their sustainable fund, which is completely compatible with our new ESG aims. We decided to retain our current property holding due to their continued working within ESG principles that are consistent with our own.

**PLACE DIVERSITY & INCLUSION AT THE HEART OF ALL THAT WE DO:** During the year we further expanded our neuro diversity offering and introduced new offering via the National Autistic Society, with 11 referrals made, accessing 32 different aspects of the programme. This helps IMechE member families with autism to obtain timely diagnosis and ongoing support for their children or themselves – many people are diagnosed once they are adults, often as they recognise behaviours in their children that they also have. We also helped with ADHD and dyslexia related issues. We maintained our website offerings to include new aspects of nutrition, stress, anxiety, migraine, menopause and men's mental health topics. We addressed issues of fertility and how this impacts on work performance. These have proved to be very popular, both in those who join the live event and those who later access the recording. We maintained the profile of having Board members who are engaged in all stages of their career, ranging from undergraduate study, to

initial and senior roles, through to retirement. The age profile of the Board is the youngest it has ever been, 4 of the 11 members are female, and two are people of colour. One Trustee is a non-UK national, based in Angola. We have increased our communications to the global membership, and offered online contact whenever an in person visit was not possible, thus increasing the peer-to-peer element of our work.

## SERVICE USER FEEDBACK

Service users regularly tell us that our interventions make a positive difference to them and their family. Examples received during 2024 included:

*"…My son had his test on Monday and the initial feedback from the assessor confirms our thoughts that he does indeed have a level of dyslexia. This now provides the tangible evidence for his EHCP (Education, Health & Care Plan) application to hopefully enable future Special Educational Needs support for him. We now have everything in place for the EHCP application. So I can't emphasise how grateful my wife and I are for the IMechE support and your specific help with this; it has now given us the best chance of getting support in good time before secondary school transition. I'll check the payment arrives OK, but thanks to you and your team once again for some fantastic support." [NEURODIVERSITY SUPPORT]*

*"…I am writing to express my heartfelt gratitude for this generous financial grant. Words cannot adequately convey the depth of my appreciation for the support provided by your entire Support Network Team and the esteemed Trustees. Receiving this grant is a tremendous relief and will grant me a much-needed breathing space during such a challenging time in my life. Beyond the financial assistance, I am profoundly grateful for the unwavering support, encouragement, and empathy demonstrated by your kind self, Maureen and Mrs Laura Clyne and the entire Support Network Team. to the mission of both the Support Network and IMechE as a whole. Your collective efforts ensure that individuals like myself are given the opportunity to overcome obstacles and pursue our goals with renewed hope and determination. Once again, thank you, from the bottom of my heart, for your and Support Network Team and Trustees invaluable support." [EXTENDED BREATHING SPACE DURING UNEMPLOYMENT & POOR HEALTH]*

*"…I am writing to express my sincere gratitude for the Christmas hamper I received yesterday evening from Support Network. It was such a wonderful surprise and I am so grateful to be remembered at this time of year. Support Network has been invaluable to me, and I am truly thankful for all the help and support I have received. Now that I have started my pension and am working on my projects, I hope to one day be in a position to give back and support your organization in achieving its goals. Thank you again for your kindness and generosity. I wish you and everyone at Support Network a very happy festive period." [PREVENTING ISOLATION]*

*"…Thank you so much for your email—and for confirming the final payment. I just wanted to take a moment to sincerely thank both you and Maureen for all the support you've provided throughout this long journey. From the very beginning to the final stages, you've both been incredibly helpful and patient, and I genuinely couldn't have seen this through without your guidance and encouragement. It hasn't been an easy time for me or my family. The disability adaptation construction work caused a lot of disruption—restless nights, constant dust, and plenty of complaints from the kids and my wife! But now that it's finally over, I think the whole family deserves a night out—and honestly, I wish I could bring you and Maureen along as well. You've both been right there with me every step of the way. You have helped me – helped us all, to stay actively living at home together. Your kindness and professionalism have made a real difference." [DISABILITY ADAPTATION TO HOMES VIA SECURED LOANS]*

## FINANCIAL REVIEW

Support Network has three main sources of income: (a) donations received from IMechE members during the year, with associated Gift Aid receipts where applicable; (b) legacy and in memoriam gift donations; and (c) investment portfolio gains, received as dividend income. (Capital gains are also obtained from the investment portfolio, and where funds are held as 'accumulation units' any receipts are automatically reinvested into the investment holding, rather than drawn as income

*per se,* in order for the same to hold long-term value against changes in inflation over time). Support Network has an unrestricted investment fund which is invested to provide a regular and reliable source of income for Support Network. The Trustees are legally bound to promote the best long-term interests of Support Network and to make adequate provision for both present and future beneficiaries. The overall investment policy is to obtain the best financial return from Support Network's assets, consistent with acceptable risk. To achieve this, the given powers of investment will be exercised so that the assets yield the best long-term return by way of both income and capital appreciation, judged in relation to the risks of investment. The portfolio is diversified in respect of asset class, geographical exposure and investment managers.

## 1) Results

The net surplus for the year ended 31 December 2024 was £4,133,511. Expenditure was £944,963.

## 2) Voluntary income

- Donations, subscriptions and bequests
- Dividends and interest from an investment portfolio

Voluntary income, comprising donations and bequests, were received at a value of £439,824 (2023: £261,835). In 2024, dividends and interest from the investment portfolio amounted to £1,301,440 (2023: £1,011,672). The Trustees continue to have a preferred strategy of largely holding Support Network's equity-based investments in accumulation units, (rather than drawing an income stream from the same), in order to offset any losses in capital value, and hence to help to preserve funds for the future, save for the COIF Charifund holding where at times the dividend was drawn in order to provide greater operational income during the financial year. The Trustees again decided the strategy of meeting any final operational deficit at the year-end through drawing from the reserves, rather than limiting grant or service provision expenditure in year. From the total expenditure 99% was spent on charitable activities (99% in 2023). This included charitable grants of £540,237 (2023: £582,431).

## 3) Investment Portfolio

The allocation of Support Network's investment portfolio at the close of 2024 was:

| VALUE | ASSET | INVESTMENT | BENCHMARK |
|---|---|---|---|
| 29.4% | Equities | M&G Charifund | FTSE All Share Index |
| 41.8% | Equities | M&G Global Dividend Fund | FTSE All Share Index |
| 12.1% | Equities | Fidelity Institutional Funds | FTSE All Share Index |
| 8.8% | Multi Asset | Cazenove Charity Multi Asset Fund | FTSE All Share Index |
| 5.6% | Property | Charities Property Fund | HSBC PUT Index |
| 2% | Equities | COIF Investment Fund | FTSE All Share Index |
| 0.3% | Cash | COIF Deposit Fund | London Interbank Rate |
| 0% | Bonds | COIF Fixed Interest Fund | WM Co. UK Bonds |

We do not have any control over how the JP Dudin Trust is invested, though we receive dividends from it, so it is not shown in the investment portfolio above.

Given the low interest rates now offered on cash deposits, the amount held in the COIF Deposit Fund has been maintained at a low level.

**4) Social, environmental or ethical constraints**

In the annual review of investment policy for the charity, the Trustees considered whether there should be any social, environmental or ethical considerations to impose constraints on how Support Network should invest and commenced work to create a screened ESG (environmental, sustainable, governance) focused approach. With many of the Institution's members working in industries commonly attributed to low ESG scoring, the Trustee Board has taken great consideration as to whether any industries should be wholly excluded from the investment portfolio. Following a poll undertaken in November 2022, the Trustee Board has committed to understand its exposure to and commence exclusion of investments from the portfolio in the following areas:

- gambling operations
- pornography & violent material
- tobacco production
- oppressive regimes
- animal testing
- high interest lending
- alcohol production
- parties without an anti-slave labour policy

Realignment across these areas commenced in February 2023 as part of the 5-year cyclical review of the organisation's investments, working towards complete removal by the end of 2025.

**5) Reserves Policy and Designated Fund**

Support Network is a 'closed' charity in that it does not actively seek funding from outside the membership of the Institution of Mechanical Engineers. Each year, a significant proportion of the charity's income is derived from annual and irregular donations, and bequests. Legacy income, however, is very uncertain, as are the levels of donations *per se,* and it cannot be guaranteed that voluntary donation levels will be repeated (or increased) year on year. In order to safeguard the ongoing provision of grants to current beneficiaries, and to cover non-discretionary expenditure, (such as salaries, pension contributions, rent), the Trustees hold reserves at a minimum level of one year's average expenditure. In anticipation of increased grant giving and/or social investment initiatives, it has been agreed to increase the level of reserves from £1,000,000 to £2,000,000.

Additionally, during 2020, Trustees agreed to create a designated fund to meet operational expenditure 'in perpetuity' and set this fund at £8,000,000. As at 31 December 2024, total funds were £39,252,867, exceeding this combined £10,000,000 amount. Accordingly, the funds are held to ensure future needs can be met, especially if there is an unexpected large-scale event requiring additional resources to be provided e.g. a significant downturn in a sector of the mechanical engineering industry at a future date.

**6) Grant Making Policy**

All grants made in 2024 were for the benefit of individuals, save for the foundation funding grants that are detailed below. In 2024, 284 members contacted us for the first time (2023: 386), their requests including help with finances, employment coaching, dyslexia support, social visits or legal advice. During the year 823 grant payments were made (2023: 917). The majority of grants and support decisions were either determined/confirmed by the Grants Committee, (which met twice during the year); through the remote decision making panels; or were initially made by the staff team, and subsequently authorised by a designated Trustee through the Office Decisions process.

All proposed Office Decisions were made available on a password restricted basis to Trustees via the Extranet, to allow Trustees to see whether they agreed with the decisions made by the staff. Where the Chair, CEO or the Operations Manager made grant funding decisions, these were made within the agreed delegated limits of both value and type of award, and were reported to the subsequent Grant Committee meeting.

Considerable care is taken to ensure that applicants are able to apply for all welfare benefits, state support and/or other third party assistance that they might be entitled to, before charitable grants are made. Support Network aims to make a positive impact and difference on the lives of people who are assisted, and accordingly at the outset of providing support, the avoidance of creating long-term dependency is paramount, so that wherever possible, people are helped to help themselves.

Examples of grants awarded included: allowances towards fuel and utility costs; travelling expenses for visiting people in hospital or nursing care; television licence fees; telephone calls; computer equipment, broadband and Wi-Fi access; crisis payments to relieve sudden unanticipated financial needs; replacement items such as washing machines, cookers, fridges, heating appliances; health and medical equipment; powered mobility vehicles; essential house repairs and insulation; adaptations to the homes of disabled people; gardening costs for older people; care help at home; personal emergency alarms; arrangements for respite care and the costs of respite breaks; and assistance towards residential and care home care costs. A separate programme of grants is available for disabled or disadvantaged Apprentices, undergraduates, and other students who are IMechE members, irrespective of where in the world they live or study. A 'Newly Qualified' fund is available for IMechE members in the first three who have completed their studies or training in the immediate past three years, which seeks to ease the transition into the world of work.

The foundation funding element of our work is divided into the areas of international development; education; and engineering innovation. We want our work in these areas to ideally have a STEM (science, engineering, technology, mathematics) focus and to also align with the work of the IMechE. We additionally frame these areas within the UN Sustainable Development Goals. Whilst we have a preference for making award to or through UK based charitable organisations (as we feel that in the initial stages of our entering this work this is a close 'fit' for undertaking our due diligence process) this is not a fixed requirement, especially where we feel that the ultimate outcomes and impact of the funded work will help us to meet our expanded charitable objectives in respect of using engineering to relieve poverty.

**7) Pension Funds**

All current Support Network staff are enrolled in the IMechE's contribution based pension scheme which is operated by Scottish Widows plc. During 2024, the employer rate was 10% (2023: 10%). The company used to operate a defined benefit scheme which is now closed. As prescribed by FRS 102, the funding level of the defined benefit pension fund must be disclosed. After an actuarial report carried out for the IMechE consolidated accounts to 31st December 2024, the pension fund was 100% funded.

**Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements**

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Trustees 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 charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Trustees 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 charitable company will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

Each of the persons who is a Trustee at the date of approval of this report confirms that:

- So far as each Trustee is aware, there is no relevant audit information of which the company's auditor is unaware; and
- Each Trustee has taken all steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The trustees have taken advantage of the small companies exemption in preparing the trustees' annual report and the financial statements.

**PLANS FOR FUTURE PERIODS**

During 2025 Support Network plans to continue our core work whilst responding to additional needs and challenges faced by members and their families. As such we will work to:

**MAINTAIN A FOCUS ON MENTAL HEALTH INITIATIVES:** Continue to promote and provide positive and/or preventative measures to maintain good mental health and wellbeing, especially in respect of the cost-of-living crisis, and be responsive to the perceived stigma felt by some applicants and reshape our offerings to assist in delivering support to those in need. Further expand current offering to address issues relating to loneliness; poor nutrition; counselling needs; relationship breakdown; parenting support; gambling; substance abuse; and anxiety. Introduce support for those experiencing dementia and those who care for them.

**ASSIST WITH ENGINEERING CAREER FUTURES:** Continue to focus on our Student, Apprentice, and Newly Qualified grant programmes, both in the UK and internationally, plus employment training, career break return and mentoring support, with a core response to members at risk of/experiencing redundancy to enable them to enter, re-enter or remain in engineering or related paths. Work in partnership with the IMechE/others to support programmes that enable STEM focused work experience programmes and/or remove barriers to entering the mechanical engineering profession as part of our diversity and inclusion work. Embed offerings to Armed Forces and STEM returners, and further expand the model of working directly with universities to distribute the international student hardship grant.

**FOUNDATION GRANT-MAKING:** Build on our 2024 work and further learning in this area to make more grants during 2025, and ensure that each of the strands of education, engineering innovation and international development is supported. Further review our contribution through this work to the Sustainable Development Goals (SDGs) (e.g. undertake measures to help meet the climate crisis) and continue our strategic review of this area during 2025 and into 2026. Commit to our first multi-year funding agreement to assist with our partner recipient being able to plan for their project beyond one year.

**IMPLEMENT ESG PRINCIPLES TO OUR INVESTMENT PORTFOLIO (environment, social, governance) and UNDERTAKE FINANCIAL REVIEW:** During 2025 we will continue to implement the changes required to restructure our investment portfolio with our revised investment strategy and ESG policies initially adopted during 2023, in order to further align our investments with our mission. Undertake a review of our finance, donations and fraud protection processes and policies, prior to appointing a new Finance Officer as appropriate.

**PLACE DIVERSITY & INCLUSION AT THE HEART OF ALL THAT WE DO:** Maintain our global reach to individual IMechE members in respect of services, grants, volunteering and Trustee opportunities through adapting our processes to remove barriers to engagement with us e.g. establishing digital working as our effective norm. Continue to undertake an holistic approach to casework ensuring that additional issues such as disability, carer responsibilities, physical or mental health issues; possible discrimination at work are identified - even when these are not the presenting problem – and increase our effective grants and service responses to the same. Undertake member survey and focus group research to shape offerings to the widest member need and to complement the IMechE inclusion strategy. Recruit non-engineers to our Trustee Board.

**IN APPRECIATION**

The Trustees would like to convey their sincere thanks to the many volunteers who have so generously given their time in assisting Support Network, and especially for their continued adaptability and commitment. They would also like to express their thanks to the staff, who have continued to work effectively throughout the year, adapting to working from home and being away from colleagues. The combined team of staff and volunteers make it possible to continue the charity's essential work of relieving poverty whilst minimising administrative overheads. Particular appreciation to Andrew Dodsworth, who retired from the organisation in September 2024 after 24 years of service. Gratitude is also expressed to IMechE colleagues for their support and assistance throughout the year. With the continued contribution of this combined team, Support Network looks forward with confidence to enhancing the lives of IMechE members and their dependents who find themselves in need of assistance, and additionally to extending and expanding our foundation funding work and associated impact.

**This report was approved by the Trustees on 21st August 2025 and signed on their behalf by:**

Farah Baksh, Chair

Andrew Rowland, Treasurer

**Reference and Administrative Information**

Name: The Benevolent Fund of the Institution of Mechanical Engineers **(Support Network)**

Charity Reg. No.209465 Company Reg. No.130981 Registered Office: 3 Birdcage Walk, London SW1H 9JJ

| ROLE | NAME | COMMITTEES | 2024 TB MEETINGS ATTENDED | NOTES |
|---|---|---|---|---|
| Chair (until July 2024) | Bruce Dagley | 1,2,3,6 | 2 | *Retired July 2024* |
| Chair (from July 2024) | Farah Baksh | 1,2,3,4,5,6 | 3 | |
| Deputy Chair | Bob Cuthbertson | 1,3,6 | 4 | |
| Treasurer | Andrew Rowland | 1,3 | 4 | |
| International Trustee | Chukwuma Onunkwo | 1,7,11 | 4 | |
| Visitor Trustee | David Price | 1,2,6,12 | 4 | |
| Young Member Trustee | Harshitha Manjula Rajappa | 1,7 | 2 | |
| Trustee | Al Peasland | 1,2,3,8 | 4 | |
| Trustee | Jodie Howlett | 1,6 | 2 | |
| Trustee | Tony Frater | 1,7 | 4 | |
| Trustee | Elisabeth Wilson | 1 | 1 | *Retired July 2024* |
| CEO & Co. Sec. | Anni Broadhead | 1,2,3,4,5,9,10 | 4 | |

**Key to Committees**

1 Member of the Grants Committee
2 Member of the Personnel Committee
3 Member of the Finance Committee
4 Co-lead on Communications and IMechE relationship
5 Co-representative on IMechE Diversity & Culture Board
6 Member of the New Application Panel
7 Member of the Student & Apprenticeship Panel
8 Member of the Office Decision Panel
9 Lead on General Data Protection Regulations
10 Lead on Foundation Funding
11 IMechE Reduced Subscriptions panel representative
12 Lead on membership survey & relations

**Key Management Personnel**

The Trustees have delegated significant authority and responsibility in the day-to-day running of the charity to the Chief Executive, Anni Broadhead.

**Investment Managers:**

Cazenove Schroder & Co. Limited, 31 Gresham Street, London EC2V 7QA
CCLA Investment Management Limited, 80 Cheapside, London EC2V 6DZ
Cordea Savills LLP, 33 Margaret Street, London W1G 0JD
Fidelity International, 130 Tonbridge Road, Tonbridge, Kent, TN11 9DZ
M&G Ltd, Laurence Pountney Hill, London EC4R 0HH

**Bankers:** NatWest Bank plc, 38 Strand, London WC2N 5JB
**Auditors:** Moore Kingston Smith LLP, 6th Floor, 9 Appold St, London EC2A 2AP
**Solicitors:** Bircham Dyson Bell, 50 Broadway, London SW1H OBL

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

## Opinion

We have audited the financial statements of The Benevolent Fund of the Institution of Mechanical Engineers ('the company') for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement] and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 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 charitable company'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 trustees are responsible for the other information contained within the annual report. 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.

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 course of 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 themselves. 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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report have 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or the
- trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' annual report and from preparing a strategic report.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 12, 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 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 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**

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.

- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.

- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

**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 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan Aikens (Senior Statutory Auditor)

for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

9 Appold Street

London

EC2A 2AP

Date: 9 September 2025

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

## The Benevolent Fund of the Institution of Mechanical Engineers

## Statement of Financial Activities
## For the year ended 31 December 2024

| | Notes | Total (Unrestricted) General Funds 2024 | Total (Unrestricted) Designated Funds 2024 | Total (Unrestricted) Funds 2024 | Total (Unrestricted) Funds 2023 |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Income and Endowments from:** | | | | | |
| ***Donations and Legacies*** | | | | | |
| Donations, bequests | 1 | 439,824 | - | 439,824 | 261,835 |
| ***Investments*** | | | | | |
| Interest & dividends | 2 | 1,301,440 | - | 1,301,440 | 1,011,672 |
| **Total** | | 1,741,263 | - | 1,741,263 | 1,273,507 |
| **Expenditure on:** | | | | | |
| Raising funds | | 7,563 | - | 7,563 | 7,395 |
| Charitable activities | 3 | 937,400 | - | 937,400 | 1,005,452 |
| **Total** | | 944,963 | - | 944,963 | 1,012,847 |
| Net gains / (losses) on investment assets | 9 | 3,337,211 | - | 3,337,211 | 853,616 |
| ***Net income / (expenditure)*** | | 4,133,511 | - | 4,133,511 | 1,114,276 |
| **Transfers** | 14 | - | - | - | - |
| ***Net movement in funds*** | | 4,133,511 | - | 4,133,511 | 1,114,276 |
| **Reconciliation of funds:** | | | | | |
| Total funds brought forward | 14 | 27,119,356 | 8,000,000 | 35,119,356 | 34,005,080 |
| **Total funds carried forward** | 14 | 31,252,867 | 8,000,000 | 39,252,867 | 35,119,356 |

All income and expenses derive from continuing operations and relate to general funds. The notes numbered 1 to 21 form part of these accounts.

## The Benevolent Fund of the Institution of Mechanical Engineers

### Balance Sheet
### As at 31 December 2024

| | Notes | Total Funds 2024 £ | Total Funds 2023 £ |
|---|---|---|---|
| **Fixed Assets** | | | |
| Tangible assets | 8 | - | - |
| Investments:- | | | |
| Stock Market Investments | 9 | 37,564,422 | 33,770,586 |
| *Total fixed assets* | | 37,564,422 | 33,770,586 |
| **Current Assets** | | | |
| Debtors | 12 | 425,719 | 52,893 |
| Cash at bank and in hand | 11 | 411,450 | 168,848 |
| Loans (due after more than one year) | 10 | 1,174,518 | 1,244,068 |
| *Total current assets* | | 2,011,687 | 1,465,809 |
| **Liabilities** | | | |
| Creditors: - amounts falling due within one year | 13 | (323,242) | (117,039) |
| | | (323,242) | (117,039) |
| ***Net current assets*** | | 1,688,445 | 1,348,770 |
| ***Total assets less current liabilities*** | | 39,252,867 | 35,119,356 |
| **The funds of the charity:** | | | |
| Unrestricted funds | | 31,252,867 | 27,119,356 |
| Designated funds | | 8,000,000 | 8,000,000 |
| | | 39,252,867 | 35,119,356 |

These financial statements were approved by the Trustee Board on 21/8/25 and signed on its behalf by:

Farah Baksh, Chair

Andrew Rowlands, Treasurer

Members of the Trustee Board

The notes numbered 1 to 21 form part of these accounts.

Company Number 130981

**The Benevolent Fund of the Institution of Mechanical Engineers**

## Statement of Cash Flows
## For the year ended 31 December 2024

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | | £ | £ |
| **Cash flows from operating activities:** | | | |
| *Net cash used in operating activities* | | (602,212) | (834,129) |
| **Cash flows from investing activities:** | | | |
| Dividends and interest from investments | | 1,299,539 | 588,673 |
| Bank interest received | | 1,901 | 1,038 |
| Purchase of Investments | | (399,694) | - |
| Proceeds from sale of investments | | - | 350,000 |
| Change in cash held by investment | 11 | (56,930) | (78,489) |
| **Net cash provided by investing activities** | | 844,815 | 861,222 |
| *Change in cash and cash equivalents in the reporting* | | 242,603 | 27,099 |
| *Cash and cash equivalents at the beginning of the reporting period* | | 168,848 | 141,749 |
| *Cash and cash equivalents at the end of the reporting period* | | 411,451 | 168,848 |

**Net (expenditure)/income for the period**

| | £ | £ |
|---|---|---|
| **Net income for the reporting period** | 4,133,511 | 1,114,276 |
| Adjustments for: | | |
| Dividends, interest from investments | (1,301,440) | (1,011,672) |
| Decrease / (increase) in debtors | (372,826) | (10,550) |
| Increase / (decrease) in creditors | 206,203 | (4,830) |
| (Gains) / losses on investments | (3,337,211) | (853,616) |
| Decrease / (increase) in Loan | 69,550 | (67,737) |
| **Net Cash used in operating activities** | **(602,212)** | **(834,129)** |

| | At 01/01/24 | Cashflows | Non-cash | At 31/12/24 |
|---|---|---|---|---|
| **Net Debt Note** | £ | £ | £ | £ |
| Cash | 168,848 | 242,602 | - | 411,450 |
| | 168,848 | 242,602 | 0 | 411,450 |

# Accounting Policies
# For the year ended 31 December 2024

## ACCOUNTING POLICIES

The Charity is a private limited company (Charity Reg. No 209465, Company Reg. No 130981), which is incorporated and domiciled in the UK and is a public benefit entity. The address of the registered office is: 3 Birdcage Walk, London SW1H 9JJ.

A Summary of the accounting policies which have been applied consistently is set out below.

### a) BASIS OF ACCOUNTING

The accounts (financial statements) have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS102 the Financial Reporting Standard, including Update Bulletin 2, applicable in the UK and Republic of Ireland, the Companies Act 2006, and the UK Generally Accepted Practice as it applies from 1 January 2015. The accounts comply with applicable charity and company law in England and Wales.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound. The financial statements have been prepared on the historical cost convention, modified to incorporate the revaluation of investments.

### b) GOING CONCERN

The financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that would result from the company not being able to continue for the next 12 months. There are no material uncertainties about the company's ability to continue as a going concern. The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the entity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. The trustees conclude there is a reasonable expectation that the Fund has adequate resources and unrestricted reserves/cash balances to continue in operational assistance for the foreseeable future. The Fund therefore continues to adopt the going concern basis in preparing its financial statements.

### c) FUND ACCOUNTING

The financial statements make reference to Total Funds. These funds are unrestricted and therefore can be drawn on when required.

Trustees may designate and set aside unrestricted funds for specific purposes

### d) FINANCIAL ASSETS

The Charity has elected to apply the provisions of Section 11 "Basic financial instruments" of FRS102 to all of its financial instruments. Financial assets are recognised in the company's statement of financial position when the Charity becomes party to the contractual provisions of the instrument.

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

**Loan and receivables**

Life-time interest free loans are made to approved beneficiaries which are repayable only from the estate of the beneficiary or, in the case of joint loans, from the estate of the second surviving partner. These are accounted for at cost.

**Impairment of financial assets**

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

**e) FINANCIAL LIABILITIES**

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

**f) INVESTMENTS**

Investments are stated at fair value at the balance sheet date. The statement of Financial Activities includes the net gains and losses on revaluation and disposals of investment funds throughout the year.

**g) TANGIBLE FIXED ASSETS**

Tangible fixed assets are stated at cost (a capitalisation limit is in place of £1,000) less depreciation calculated at rates intended to write off their cost less estimated residual value over the period of their estimated useful lives at the following rates:

| | |
|---|---|
| Furniture | 20% per annum on written down value |
| Equipment | 33% per annum on cost |

**h) RESOURCES EXPENDED**

Expenditure is accounted for on an accruals basis inclusive of any VAT which cannot be recovered. Expenditure is recognised once there is legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and can be measured reliably. Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure. Support costs are allocated between the categories of expenditure depending on their nature.

# Accounting Policies
# For the year ended 31 December 2024

**i) INCOME**

Incoming resources are recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and likelihood of receipt is probable. Bank interest is accounted for in the period for which the charity is entitled to receipt.

Legacies are recognised when all the criteria have been met; entitlement when probate has been granted and the executor(s) of the estate have established that there are sufficient assets in the estate, after settling liabilities to pay legacy income; the value is reliably measured and the likelihood of receiving the legacy is probable.

**j) POST-RETIREMENT BENEFITS**

The charitable company has associated member status in the pension scheme operated by the Institution of Mechanical Engineers which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the charitable company. The charitable company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period. All new staff are enrolled in the defined benefit scheme with contributions charged to the Statement of Financial Activities as incurred.

**k) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements, nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

## The Benevolent Fund of the Institution of Mechanical Engineers

## Notes to the Accounts
## For the year ended 31 December 2024

| 1 | **Income** | **2024** | **2023** |
|---|---|---|---|
| | | £ | £ |
| | Donations & Gift Aid Reclaim | 436,390 | 260,382 |
| | Donations in Kind | - | - |
| | JP Dudin Bequest | 3,434 | 1,453 |
| | | 439,824 | 261,835 |

| 2 | **Investment Income** | **2024** | **2023** |
|---|---|---|---|
| | | £ | £ |
| | Dividends & loan stock interest - UK investments | 1,299,539 | 1,010,634 |
| | Bank Interest | 1,901 | 1,038 |
| | | 1,301,440 | 1,011,672 |

| 3 | **Charitable Activities** | **2024** | **2023** |
|---|---|---|---|
| | | £ | £ |
| | Grants for the relief of poverty | 401,234 | 394,511 |
| | Foundation grants | 139,003 | 187,920 |
| | Allocation from salaries | 174,585 | 200,790 |
| | Allocation from support costs (note 4) | 222,578 | 222,231 |
| | | 937,400 | 1,005,452 |

All grants were made to individuals. During the year there were 249 beneficiaries (2023:425).

| **Analysis of Grants** | **Grants to institutions£** | **Grants to Individuals£** | **Support Costs** | **Total** |
|---|---|---|---|---|
| | | | £ | £ |
| Grants for the relief of poverty | | 401,234 | 297,996 | 699,231 |
| Foundation Grants:Bridges to Prosperity | 79,367 | | 11,660 | 91,027 |
| Foundation Grants:Ecologia | 17,378 | | 559 | 17,937 |
| Foundation Grants:Go Beyond | 19,200 | | 682 | 19,882 |
| Foundation Grants:Mondo Foundation | 23,058 | | 984 | 24,042 |
| Total | 139,003 | 401,234 | 311,882 | 852,119 |

| 4 | **Support Cost** | **2024** | **2023** |
|---|---|---|---|
| | | £ | £ |
| | Training Volunteers | 429 | 702 |
| | Staff Costs | 106,547 | 105,044 |
| | Visiting beneficiaries | 2,013 | 1,154 |
| | Publications | 1,674 | 1,970 |
| | Printing & Stationery | 967 | 911 |
| | Postage & telephone | 1,242 | 1,299 |
| | Communications & database | 31,010 | 24,508 |
| | Extranet for use by Volunteers | 6,836 | 3,982 |
| | Accommodation charges | 15,595 | 8,693 |
| | Accounting & Computer Services | 17,589 | 16,176 |
| | Travel & subsistence | 1,365 | 70 |
| | Bank charges | 1,954 | 3,274 |
| | Subscriptions to professional bodies | 3,888 | 2,904 |
| | Sundry | 509 | 382 |
| | Homeworking costs | 308 | 452 |
| | 110th Anniversary | 183 | 9,628 |
| | Allocation from governance costs (note 5) | 30,468 | 41,082 |
| | | 222,578 | 222,231 |

| 5 | **Other: governance costs** | **2024** | **2023** |
|---|---|---|---|
| | | £ | £ |
| | Audit fee | 15,600 | 17,388 |
| | Committee expenses | 12,125 | 6,588 |
| | Compliance costs & insurance | 2,311 | 2,141 |
| | Legal Fees | 432 | 1,692 |
| | Strategic Review | - | 13,273 |
| | | 30,468 | 41,082 |

No payments have been made to the auditor or their associates in respect of non-audit work during the year.

| 6 | **Staff** | **2024** | **2023** |
|---|---|---|---|
| | Staff costs comprise:- | £ | £ |
| | Salaries and other emoluments | 224,260 | 249,492 |
| | Social security costs | 25,769 | 23,524 |
| | Other pension costs | 16,911 | 24,206 |
| | HR and payroll support | 6,579 | 6,170 |
| | Training | 6,433 | 1,588 |
| | Tax on staff taxable benefits | 1,181 | 854 |
| | | 281,132 | 305,834 |

Those earning over £60,000 in the year are:

| | **2024** | **2023** |
|---|---|---|
| £80,001 to £90,000 | 1 | 1 |

The total amounts paid in respect of key management personnel in 2024**:** £105,347(2023: £102,497) and pension contribution of these high paid employees was in 2024 £9,790(2023 £9,280).

The average number of persons employed by the entity under contracts of service was 4 (2023: 4)

| 7 | **Trustee Board** | **2024** | **2023** |
|---|---|---|---|
| | | £ | £ |
| | Travel and subsistence expenses paid | 12,125 | 6,588 |
| | | No. | No. |
| | Number of members who claimed | 8 | 8 |

No member of the Committee received any remuneration in respect of services to the Fund for the year.

| 8 | **Fixed Assets - Furniture and Office Equipment** | **2024** | **2023** |
|---|---|---|---|
| | Cost | £ | £ |
| | At 1 January | 43,052 | 43,052 |
| | Additions | - | - |
| | At 31 December | 43,052 | 43,052 |
| | Depreciation | | |
| | At 1 January | 43,052 | 43,052 |
| | Amount provided | - | - |
| | At 31 December | 43,052 | 43,052 |
| | Net Book Value at 31 December 2024 and 31 December 2023 | - | - |

## Notes to the Accounts
## For the year ended 31 December 2024

| 9 **Investments (at market value)** | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| M&G Chari Fund Accumulation Units | 10,141,318 | 9,883,653 |
| M&G Global Dividend Fund Accumulation Units | 17,042,283 | 14,071,709 |
| Fidelity Fund Shares | 4,489,134 | 4,152,942 |
| Cazenove Charity Multi Asset Fund Income Units | 3,152,355 | 3,005,505 |
| Charity Property Fund Income Units | 1,878,693 | 1,868,453 |
| CCLA COIF Charities Investment Fund Income Units | 696,469 | 681,083 |
| Total | 37,400,251 | 33,663,345 |

All investments are listed UK securities.

| Movements of investments | 2024 Capital £ | 2023 Capital £ |
|---|---|---|
| Market value at 1 January | 33,663,345 | 32,737,769 |
| Purchases and accumulations | 399,694 | 421,960 |
| Disposal proceeds | - | (350,000) |
| Net investment gain/(loss) | 3,337,211 | 853,616 |
| | 37,400,251 | 33,663,345 |
| Cash with investment manager | 164,171 | 107,241 |
| Market value at 31 December | 37,564,422 | 33,770,586 |
| Historic costs at 31 December | 20,830,845 | 20,431,151 |
| Unrealised investment gains at 31 December | 16,733,577 | 13,339,435 |

| 10 **Loans** | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Brought forward 1st January | 1,244,068 | 1,176,331 |
| Additions | 15,541 | 148,420 |
| Repayments | (85,091) | (80,683) |
| Written off | | - |
| Carried forward 31st December | 1,174,518 | 1,244,068 |

These loans are interest free and are repayable to the Benevolent Fund from the estate of the beneficiaries in more than one year. The amount of provided unsecured loans in 2023 was £147,714 (2022: £90,036 ).

| 11 **Analysis of Changes in Cash** | 2024 | Cash flow | 2023 |
|---|---|---|---|
| | £ | £ | £ |
| Cash at bank and in hand | 411,450 | 242,602 | 168,848 |
| Cash with investment manager - see note 9 | 164,171 | 56,930 | 107,241 |
| | 575,621 | 299,532 | 276,089 |

| 12 **Debtors** | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Amounts due from the Institution of Mechanical Engineers | 196,695 | 4,270 |
| Other debtors | 229,024 | 48,623 |
| | 425,719 | 52,893 |

## Notes to the Accounts
## For the year ended 31 December 2024

13 **Creditors**

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Amounts due to the Institution of Mechanical Engineers | 300,902 | 96,332 |
| Audit fee | 15,600 | 15,000 |
| Accruals | 6,741 | 5,707 |
| | 323,242 | 117,039 |

14 **Analysis of Funds at 31 December 2024**

| | 1 January 2024 | Income | Expenditure | Gains / losses | 31 December 2024 |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Unrestricted** | | | | | |
| *Designated Funds* | 8,000,000 | | | - | 8,000,000 |
| *Unrestricted Funds* | 27,119,356 | 1,741,263 | (944,963) | 3,337,211 | 31,252,867 |
| **Total funds** | 35,119,356 | 1,741,263 | (944,963) | 3,337,211 | 39,252,867 |

15 **Financial Commitments**

The Trustee Board has given outline approval to help certain beneficiaries during the coming year. Because actual circumstances will vary, it is not possible to accurately quantify the amount at this time but the level is not expected to be material.

16 **Pensions**

All current employees participate in the Institution of Mechanical Engineers contribution based pension scheme. In 2024 the Institution matched employee contributions to this plan up to a maximum of 10% of salary (2023: 10%).

The Benevolent Fund has associated member status in the defined benefit pension scheme operated by the Institution of Mechanical Engineers, which is now closed to new members. The latest full actuarial valuation was carried out at 1 December 2015 and updated to 31 December 2019 by a qualified independent company of actuaries, and can be found in the consolidated accounts of the Institution. As prescribed by FRS102, the funding level of the pension fund must be disclosed; after an actuarial report carried out for the Institution of Mechanical Engineers consolidated accounts to 31 December 2023, the pension fund was 100% funded (2022 100%).

The Benevolent Fund is therefore exposed to actuarial risks associated with the scheme operated by the Institution of Mechanical Engineers and is unable it identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents contributions payable to the scheme in respect of the accounting period. The Benevolent Fund has entered into an agreement whereby the Fund recognises a liability for contributions payable that arise from the agreement ("Deficit Recoverable Plan") to the extent that they relate to the deficit and resulting expense in the income and expenditure account. As at 31 December 2024 no such "Deficit Recoverable Plan" was in place and as a result no liability has been recognised in these financial statements relating to this.

## 17 Taxation

The Benevolent Fund is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

## 18 Ultimate parent

In the opinion of the trustees there is no controlling party.

## 19 Related Party Transactions

The Benevolent Fund of the Institution of Mechanical Engineers (Support Network) is an independent and separate charity and company from that of the Institution of Mechanical Engineers (IMechE). Whilst these organisations have distinct purposes and operations, there is a close relationship. This is largely due both Support Network and the IMechE helping the same people, they're both linked to the membership base of the IMechE. Support Network therefore seeks to ensure that the services and grants offered are aligned with the needs of this particular part of the engineering community. Support Network is grateful for the donation collection undertaken by the IMechE, and for related marketing and communications promotion that is provided by them. Over recent years at least one of the Support Network Trustees has been sourced from the IMechE employee group, further helping to understand and the align the work of the two organisations

In 2024 donations received via the IMechE totaled £196,695, and recharged expenditure from IMechE totaled £308,123 leaving a net balance of (£111,428). 2023 figures were receipts £205,610, recharges were £333,277, and net balance (£127,666).

Related party transactions in both 2024 and 2023, other than trustees' travelling and subsistence expenses are reported in Note 7.

## 20 Commitments

The total commitment for rental costs was £10,779, and other services were £11,933 at 31 December 2024 (2023: rental costs £10,779, other services £11,933)

## 21 Company Limited by Guarantee

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

THE BENEVOLENT FUND OF THE INSTITUTION OF MECHANICAL ENGINEERS

England & Wales - Charity number 209465

# Accounts

# The Benevolent Fund of the Institution of Mechanical Engineers

Annual Report and Accounts For the year to 31 December 2023

Annual Report and Accounts For
the year to 31 December 2023

Company Registered in England No. 130981
Registered Charity No: 209465

| | |
|---|---|
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## INTRODUCTION

The Trustees are pleased to submit their annual report which incorporates the Director's Report and accounts for the year ended 31 December 2023. In preparing this report the Trustees have complied with the Charities Act 2011, the Companies Act 2006, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in UK and Republic of Ireland (FRS102), and the company's Articles of Association governing document.

## REFERENCE AND ADMINISTRATIVE DETAILS

The Benevolent Fund of The Institution of Mechanical Engineers (also known as, and now operating under, the working title of 'Support Network') was founded in 1913 and is registered with the Charity Commission for England and Wales as charity number 209465. Support Network is also a Company Limited by Guarantee; and is registered with Companies House as company number 130981. The Trustees, Officers and professional advisers of the charity are listed on page 17 of this report. Support Network operates throughout the United Kingdom and internationally, wherever there are members (or former members) of the Institution of Mechanical Engineers (IMechE). Although close ties exist between Support Network and the IMechE, it should be noted that they are separate and distinct registered charities and companies, with different objectives, funds and management structures.

## STRUCTURE, GOVERNANCE AND MANAGEMENT OF THE CHARITY

Support Network is a charitable company limited by guarantee, established under a Memorandum of Association, now revised as Articles of Association (January 2020) which sets out the objects and powers of the charitable company and all governance provisions relating to the same. A copy of the current version of the Articles of Association are filed with both the Charity Commission for England and Wales and at Companies House. The Directors of the company are also charity Trustees for the purposes of charity law. The governing body of Support Network is the Trustee Board, and the Trustees are jointly responsible for its governance.

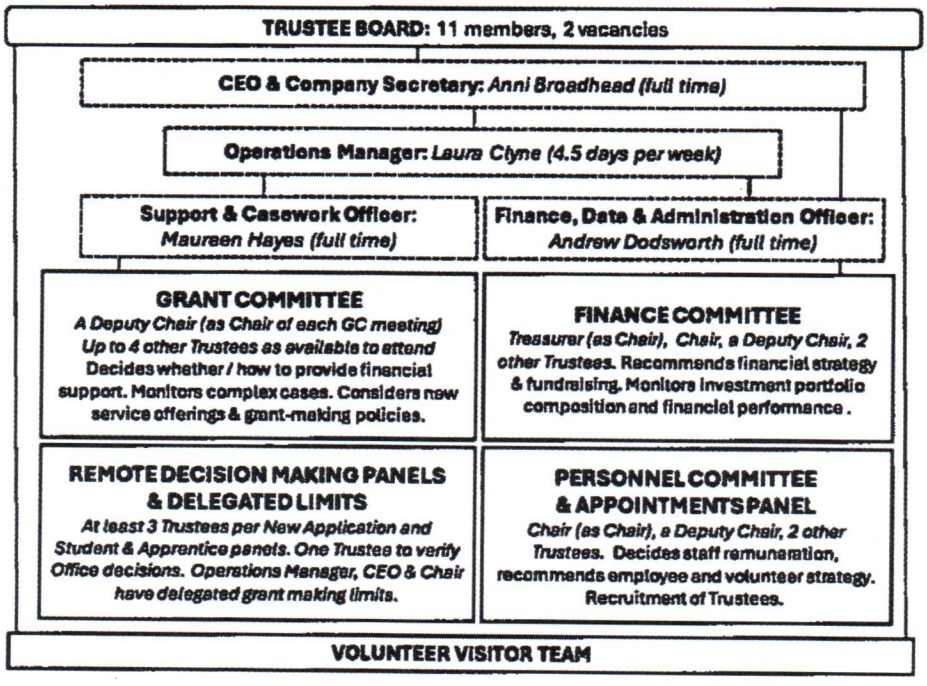
Support Network's charitable objectives are the relief and prevention of poverty. In December 2019, permission was given to expand the existing charitable objectives to include assistance to both individuals and organisations, these being:

- Members (or former members) of the Institution of Mechanical Engineers (IMechE).
- The partners, civil partners, widows, widowers, children (including adult children), relatives and other dependants of such members or former members (whether such members or former members are alive or dead at the time such provision is sought).
- To relieve, or assist in the relief of, poverty or financial hardship throughout the world, in particular but without limitation to the provision of funding for development projects, particularly projects or parts of projects with a strong engineering or technical component.
- To advance education, in particular, through providing funding in support of projects which develop capability in science, technology, engineering and mathematics.

Support Network has four full-time equivalent staff, who are based in the London office though largely work from home. It relies on a large network of volunteers, who themselves are mostly members of the IMechE and thus also form part of the eligible 'community' of users of the organisation's services. Volunteers assist with casework through making home visits and/or telephone or online calls for financial verification or anti-loneliness purposes, plus our international volunteers act as in-country representatives to provide a wider context to member applications. Volunteers are thereby involved with the majority of the welfare interventions and casework undertaken by the organisation. They are accordingly a mainstay of Support

Network's activities and a principal point of contact with new applicants and existing beneficiaries. As presently constituted, Support Network could not operate without them. Purely in terms of hours of casework, Support Network would require at least two extra full-time staff if there were no volunteers.

Trustees are responsible for setting the organisation strategy and for ensuring that this is implemented by the Chief Executive. To assist with this work there are three sub-committees which are accountable to the main Trustee Board. There are also additional remote grant decision making panels, and members of each committee and panel are listed on page 17. A diagram of the structure of the organisation at May 2024 is shown below:




***Trustee Board:***

The Trustee Board, when complete, consists of at least eight and not more than thirteen individuals. The current Board comprises 11 elected and co-opted members. None of the Support Network Trustees are also IMechE Trustees.

The Trustees serve for a fixed period of three years, after which time they are eligible to stand to serve for a further three years, after which they must retire for at least one year, before being eligible to serve on the board again. This is unless they hold the office of Chair or Deputy Chair at the time that their retirement would fall to be effective, at which point they may serve for an additional consecutive 1-2 years before being time barred. This is in order to facilitate succession planning. Candidates to be considered for election to the Board are invited to submit statements of application against the Person Specification required that year, and to attend an interview either with the Chair and a Deputy Chair, or otherwise the full Appointments Panel (usually comprising the Chair, Deputy Chair and one or two other Trustees, who are usually also members of the Personnel Committee). New trustees are elected by the full Trustee Board, and usually take office with effect from the date of the July Trustee Board meeting, which is also usually the first Trustee Board meeting that they attend unless they have been co-opted at another stage of the calendar year.

The elected Trustees are often already familiar with either: 1) the purpose and practical work of Support Network, (as they have largely been recruited from those who have demonstrated a commitment to the aims and ethos of the charity by volunteering to act as 'Visitors'); or 2) with the work of the IMechE, as candidates are usually IMechE members; undertake volunteer activities for the IMechE; or are employed in a role which brings additional expertise to the Support Network board e.g. communications experience.

All Trustees are recruited in accordance with adding the required skills and experience to the board, on the basis of a skills audit of all Trustees, and associated succession planning exercise. Requirements in respect of the Code of Governance, especially those in respect of Diversity and Inclusion are considered when planning for and undertaking the recruitment of new Trustees.

During their induction process, each new Trustee is provided with access to all the necessary reference documents, policies and procedures for them to play an effective role on the Trustee Board, including copies of the governing document, Charity Commission publications, terms of reference for committees, risk register, latest full statutory accounts, and the previous year of Trustee Board minutes and financial statements. Policy documents are reviewed and revised as appropriate, with the latest editions posted on an internal Extranet, accessible via a password protected area of the governance section within the Support Network website pages. New Trustees are invited to meet with the Chief Executive (either online or at the company's registered office in London), in order to familiarise themselves with the charity, to undertake to meet the other members of the staff team, and to talk through the role and requirements in more depth. They are also required to attend external training sessions, provided by specialists in governance, to include the role, duties and responsibilities of a Trustee; finance and investment skills for Trustees; and other governance related training as applicable.

The IMechE President and IMechE Chief Executive are Patrons of the charity. At the date of this report, the possible change in Royal Patron is being determined.

***Grant Committee:***

The Grant Committee meets as required, usually twice a year, with the purposes of: deciding awards/loans in presented cases within the grant making framework of policies and guidelines agreed by the Trustee Board; monitoring complex cases; overseeing cases determined by the staff and discussing amendments to grant making policies and strategy. It also considers the awards given via other decision making routes, and discusses new provider opportunities, with a view to making recommendations to the Trustee Board regarding emerging patterns of need and appropriate responses to the same. On occasions, potential foundation grant recipients might also be considered in principle, before being considered in full by the Trustee Board. The Grant Committee is usually chaired by one of the Deputy Chairs, and includes up to four other Trustees, together with members of staff. New volunteers are invited to attend as part of their induction training. Other volunteer visitors may also be asked to attend if one or more of their cases are being considered and especially if those are thought to be quite complex, requiring additional discussion in person to assist with the decision-making process. All new Trustees are asked to attend a Grant Committee meeting during their first year of appointment as part of their induction or as soon as possible thereafter. Trustees who do not undertake application related visits are especially encouraged to attend Grant Committee meetings in order to understand part of the core service provision and the related risks and /or strategic elements of the same.

***Finance Committee:***
The Finance Committee meets as required to consider specific areas of finance. On an annual basis, usually in February, it receives investment manager presentations in respect of the performance of funds during the preceding year. The organisation undertakes a full review of the investment portfolio on a five yearly basis. The Finance Committee is comprised of up to five Trustees, including the Treasurer, Chair, a Deputy Chair and two other Trustees. All matters of strategic finance, investment portfolio, fundraising targets and financial procedures can be considered by this committee, which then reports to the Trustee Board. Whilst the committee has a stated membership for ongoing development work, an open invitation is extended to all Trustees in respect of attending the annual investment manager presentations. This full invitation is also extended to any Finance Committee meeting which is attended by the auditor e.g. to present the annual audit findings and to receive questions from Trustees as part of the statutory accounts agreement and signing process. An opportunity is provided at that meeting for the auditor and Trustees to meet without staff being present. All new Trustees are asked to attend the first Finance Committee after their appointment as part of their induction.

***Personnel Committee:***
The Personnel Committee meets as required to consider specific personnel related issues, and at least annually (usually in December) when it considers the appraisals and performance of the staff team during the past year, their objectives for the coming year, and sets their individual remuneration. The Trustee Board delegates matters of staff administration, pay awards, benefits and organisation to the Personnel Committee. Issues, policies and/or procedures relating to volunteers are also considered here in the first instance. This committee is comprised of four Trustees, where possible including the Chair and a Deputy Chair of the Trustee Board. Care is taken to ensure that members of the Personnel Committee do not completely change between meetings to ensure continuity of decision making. The work of the committee is often progressed by email, on a subject specific basis, in between meetings. Policies and procedures in relation to safeguarding, and compliance with the General Data Protection Regulation 2016/679 (GDPR) is within the remit of the Personnel Committee. The Appointments Panel, which interviews potential candidates to be considered for election to the Trustee Board is a sub-set of the Personnel Committee. Similarly, members of the Personnel Committee usually comprise the panel for any employee recruitment.

***Remote Grant Decision Making Panels and direct service referrals:***
Referrals to the employment coaching service, the New Application Panel, Student & Apprentice Panel, Office Decisions process and decisions made by the Chair, Chief Executive or Operations Manager, are all additional decisions making routes which enable grant award decisions to be taken without applicants experiencing undue delay. All decisions are made within limits of type and financial amount that have been previously agreed and delegated by the Trustee Board. All awards determined by the remote grant decision making panels are reported to the following Grant Committee meeting for verification.

***Foundation Funding:***
During our initial implementation of the foundation funding programme, most decisions relating to which organisations to be awarded foundation funding, and at what level/duration etc., have either been made by the full Trustee Board and/or following a presentation by the applicant organisation to which all Trustees have been invited. In addition, designated Trustees and/or working groups have been used to link to specific projects to help with progression and management. A strategic review of this area occurred in 2023 and is discussed further later in this report.

**RISK MANAGEMENT**
The Trustees have identified the major strategic risks to which Support Network is exposed,

and have considered controls and actions to mitigate them. The Trustees also take appropriate steps to moderate and manage the operational risks to which volunteers and staff of Support Network are exposed. The risk register is reviewed in full on an annual basis, usually at the October Trustee Board meeting. Competence based training for Trustees & volunteers, employer's indemnity insurance and monitoring of new legislative requirements are all examples of steps that are routinely undertaken. Authority for the day to day management of risk is delegated by the Trustee Board to the Chief Executive. In addition, the Chief Executive, who is also the Company Secretary, undertakes regular reviews of governance related risks, to complement those reviewed by the sub-committees.

Work on the format and presentation of the risk register commenced during 2022 with agreement to make the most significant risks more prominent, essentially 'lifting' them away from other largely mitigated risks, and to also show the difference between pre and past mitigation risk values. It has been agreed to further develop the format of the risk register during 2024 to make this even more informative. In the interim, the Trustees have identified specific key risks to the charity and the actual steps taken to mitigate those risks. The risk value is calculated as: Impact x Probability, where 1= low and 5 = high. Save for the risk shown below, all other risks have a value of 3 or less:

**MAIN RISK:**

*Expansion of Foundation project funding brings associated yet unanticipated organisational risks – assessed as risk value 4 (2x2).* Trustees feel that whilst the expansion of our activities into providing funding to organisations through our foundation funding work is welcome to increase our impact and public benefit, it also brings the organisation into new areas of operating, with associated uncertainties. There is much to learn in this new area – providing grants to fund projects is very different to awarding grants to individuals. Issues such as multi-year agreements; health and safety of projects; third party engagement; pace of project progress have all been aspects that have been considered by Trustees during 2023. We anticipate additional demands, and possibly risks too, as we increase the number of foundation grants that we have in parallel to each other. Although we undertook a strategic review of this function in the round during 2023, it was felt that the inherent risks still remained.

**CHARITY ACTIVITIES AND PUBLIC BENEFIT**

Support Network is a charity which was established in 1913 for "the prevention and relief of poverty." In guidance concerning public benefit ('Public benefit: the public benefit requirement (PB1)'; 'Public benefit: running a charity (PB2)'; 'Public benefit: reporting (PB3) and 'Public benefit: rules for charities' February 2014) the Charity Commission recognised that for charities which have these charitable objectives, the rules relating to 'public' benefit are different in that:

*"...in general, for a purpose to be charitable it must satisfy both the 'public' and 'benefit' aspects of public benefit. However, if the purpose is to prevent or relieve poverty, the position is different. In the case of charities for the relief (and in some cases the prevention) of poverty the courts consider the public benefit requirement can be met by satisfying the 'benefit' aspect only. In these cases there is no separate consideration of the 'public' aspect. Legal requirement: only charities with a purpose to relieve (and in some cases to prevent) poverty can define who can benefit by reference to: their family relationship (that means their descent from one individual); their employment by an employer; their membership of an unincorporated association"*

*('Public benefit: the public benefit requirement' Charity Commission, September 2013)*

At 31 December 2023, there were over 115,000 current Members of the IMechE in over 140 countries around the world. Taken together with partners, widows, widowers, children, relatives

and other dependants of such members and/or former members who are also eligible, the number of people eligible for assistance from Support Network is estimated to be in the order of at least 250,000 across the world. In its' guidance concerning charitable purposes ('Charitable Purposes', issued in September 2013 and updated in September 2014) the Charity Commission recognised that generally, the relief of poverty includes its prevention and the prevention of poverty includes its relief:

*"...There can be no absolute definition of what 'poverty' might mean since the problems giving rise to poverty are multi-dimensional and cumulative. It can affect individuals and whole communities. It might be experienced on a long or short-term basis. Poverty can both create, and be created by, adverse social conditions, such as poor health and nutrition, and low achievement in education and other areas of human development...The prevention or relief of poverty is not just about giving financial assistance to people who lack money; poverty is a more complex issue that is dependent upon the social and economic circumstances in which it arises. The commission recognises that many charities that are concerned with preventing or relieving poverty will do so by addressing both the causes (prevention) and the consequences (relief) of poverty.*

*"...Not everyone who is in financial hardship is necessarily poor, but it may still be charitable to relieve their financial hardship under the description of purposes relating to 'the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage. In most cases, the commission will treat the relief of poverty and the relief of financial hardship the same. Generally speaking, it is likely to be charitable to relieve either the poverty or the financial hardship of anyone who does not have the resources to provide themselves, either on a short or long-term basis, with the normal things of life which most people take for granted. Examples of ways in which charities might relieve poverty include: grants of money; the provision of items (either outright or on loan) such as furniture, bedding, clothing, food, fuel, heating appliances, washing machines and fridges; payment for services such as essential house decorating, insulation and repairs, laundering, meals on wheels, outings and entertainment, child-minding, telephone line, rates and utilities; the provision of facilities such as the supply of tools or books, payments of fees for instruction, examination or other expenses connected with vocational training, language, literacy, numerical or technical skills, travelling expenses to help the recipients to earn their living, equipment and funds for recreational pursuits or training intended to bring the quality of life of the beneficiaries to a reasonable standard; the provision of money management and debt counselling advice are examples of the ways in which charities might help prevent poverty... "*

*('Charitable Purposes', Charity Commission, September 2013)*

Accordingly, to meet its poverty related objects, Support Network aims to prevent or relieve poverty by providing financial grants and/or non-financial support services to eligible individuals in 'need' due to experiencing difficulties in their lives, such as poor mental health, accidents, ill health, disability, bereavement, unemployment, relationship breakdown, the separation of families, meeting the care needs of others, and/or subsequently returning to employment after attending to any of the same. Thus, in addition to cash grants and interest-free secured loans, Support Network also provides specialist advice, information, guidance, facilitated peer mentoring, employment coaching, counselling, loneliness support, respite breaks, and memberships of autism and dyslexia support groups. At a detailed level this can include:

- Grants to disabled or financially disadvantaged undergraduates, Apprentices, Diploma and other students up to and including those pursuing a PhD, to enable them to complete their studies and thus to become self-sufficient, ideally via careers in mechanical engineering.
- Professional employment coaching support to those who are unemployed, at risk of redundancy, and/or to improve job seeking prospects, including post career-break.

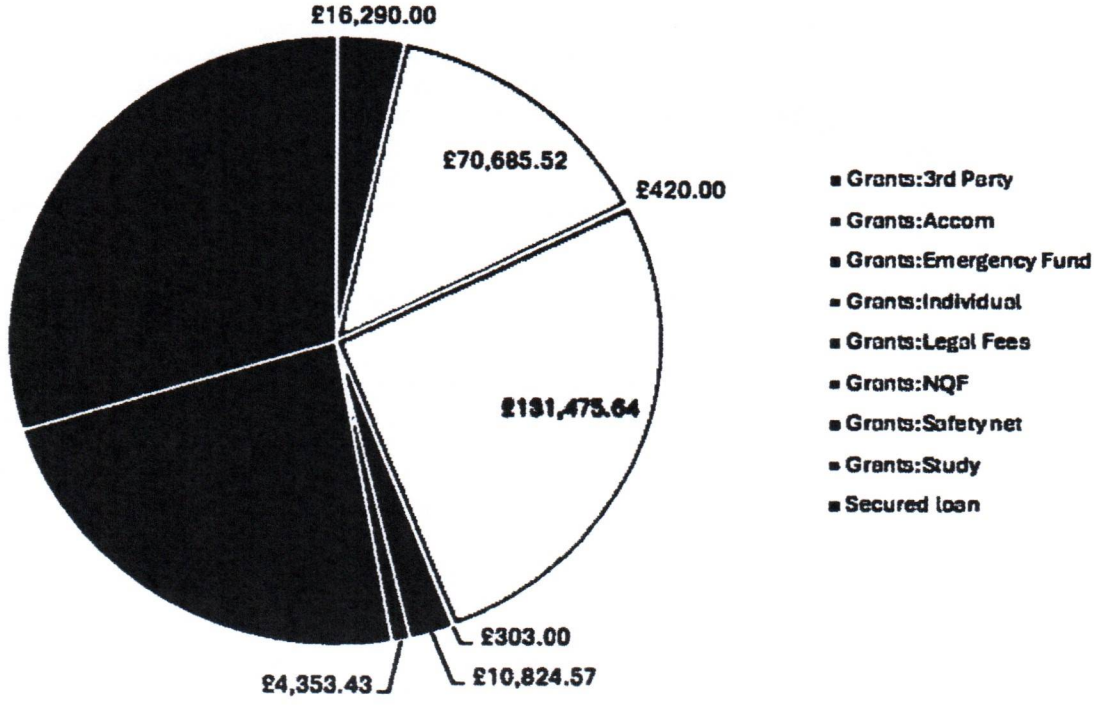
- One-off payments for purpose specific expenditure, e.g. disability equipment.
- Time limited, 'breathing space' grants to address temporary or transitional difficulties.
- Interest-free secured loans to homeowners e.g. to assist with essential works or disability.
- Debt and money advice.
- Themed payments to assist with particular expenditure e.g. Winter Warmth.
- Advice and support from and/or memberships of specialist organisations in respect of autism, dementia, care and the associated demands of meeting these needs.
- Provision of respite breaks and outings for carers and the cared for, either together or separately.
- A telephone befriending and social visits service to reduce social isolation and loneliness.
- Educational, and/or life enhancing experiences for disabled children, or at times of parental separation/ reduced financial circumstances.
- Contributions towards meeting buildings and contents insurance costs.
- Grants for furniture, bedding, clothing, food, heating appliances, washing machines, fridges etc.
- Fuel grants and energy efficiency advice to ensure that homes are safe and warm.
- Telephone, broadband and online access grants to promote social inclusion.
- Home emergency alert systems and other adaptations to enable independent living.
- Self-access online information guides.
- General and legal advice in respect of everyday, and/or court related problems, ensuring that information needs are readily met and/or potential options for action are identified in a timely manner.
- Contributions to necessary specialist health care not publicly available.
- The provision of equipment for disabled people.
- New baby grants for essential items
- Parenting and grandparenting support helpline and resources

**GRANT DISTRIBUTION IN 2023**

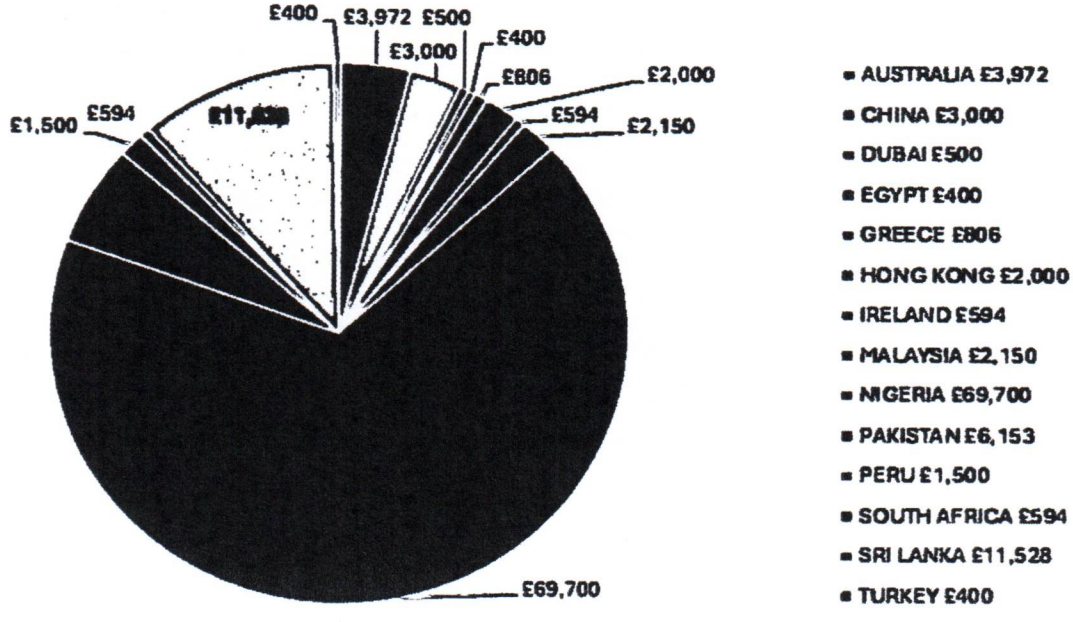
In deciding what assistance to offer, Support Network assesses the needs of each applicant against their individual circumstances, including their social and economic conditions. We recognise that poverty is a relative concept, and what constitutes poverty in an affluent society is very different in absolute terms from poverty in a developing country. In this regard, and especially as much more can be understood from a face-to-face conversation at the applicant's home, the organisation places considerable weight on the report and recommendations made by the Visitor, recognising that, particularly internationally, those based locally are better able to judge what is an appropriate and reasonable standard for the basic necessities of life. Mental health difficulties are also taken into account, and very often, a series of visits will be required to fully support applicants for whom mental health difficulties are an ongoing issue. Where possible all services are equally available, irrespective of geographical location, e.g. Support Network uses an employment specialist partner that can provide their services on a worldwide basis through the use of digital resources, email and/or online meetings and contact.

In seeking to expand the charitable objectives, the Trustees had due regard to the Charity Commission guidance on public benefit and accordingly decided to commence funding projects which would increase the reach of those assisted to be beyond the defined eligible group of IMechE members and their relatives. As such, the charity can now reach further in undertaking work to meet its objectives, and has continued to make such grants since the first was made in December 2020.

## Total grants (£) 2023 including loans




## Total international grants (£) 2023



## ACHIEVEMENT AND PERFORMANCE

**Activities planned for 2023 were:**

**MAINTAIN A FOCUS ON MENTAL HEALTH INITIATIVES:** During the year we wanted to continue to promote positive and/or preventative measures to maintain good mental health and wellbeing. We wanted to notice and be responsive to any issues of stigma /reluctance to reach out for help and to reshape our offerings to assist in delivering support to those in need across a wider range of areas. All of these were achieved. For example, we provided 74 counselling grants, and expanded the range of webinars to address wellbeing and financial self-help measures, some of these being targeted to specific sections of the membership e.g. migraines, menopause, men's mental health. We promoted the NEST (Nurturing Empowering Supporting Training) helpline and referral service to help parents and carers feel assisted with practical and emotional interventions to mange their competing demands at home and at work.

**FURTHER ASSIST WITH ENGINEERING CAREER FUTURES:** We continued to focus on our Student, Apprentice, and Newly Qualified grant programmes, both in the UK and internationally. We were able to help many more international students, the majority of them in Nigeria, due to the assistance of our international based Trustee. This service will be further refined in 2024. We continued to deliver our employment training, career break return and mentoring support, and noticed that whilst the numbers of individuals assisted in these areas was fairly similar to that of 2022, the complexity of the applicant's life situations was high, requiring additional ongoing casework.

**EXPAND OUR FOUNDATION GRANT-MAKING:** Our intention for the year was to build on our 2022 work and experience in this area, by making more grants, ideally across all of our target areas of education, engineering innovation and international development and to see more projects through to completion. All of these were achieved. In financial terms we made award decisions amounting to £197K, again almost doubling the £101K distributed in 2022. Our work with Tarnos School in Kenya saw the construction of a science classroom and the subsequent decision to commence solarization of the school to work towards energy self-sufficiency. We provided help to support organic farming and an irrigation system to eventually supply school meals, reducing the need to annually fundraise for the same. We built a bridge in Rwanda to connect communities and enable economic regeneration.

**ADOPT ESG PRINCIPLES TO OUR INVESTMENT PORTFOLIO (environment, social, governance):** During 2023 we started to undertake our latest 5-year review of our investment holdings. We used the same to start to implement our revised investment strategy to incorporate a greater focus on investing within our decided ESG principles. This will further align our investments with our mission of making a difference through preventing and relieving poverty, e.g. switching funds to sustainable products and questioning/influencing investment managers re their steps to increase their own ESG profile.

**PLACE DIVERSITY & INCLUSION AT THE HEART OF ALL THAT WE DO** During the year we expanded our neuro diversity offering and helped families with autism, ADHD and dyslexia related issues. We created a co-lead on Diversity and Inclusion and expanded our website offerings to include nutrition, stress, anxiety, migraine, menopause and men's mental health topics. These have proved to be very popular, both in those who join the live event and those who later access the recording. We observed how some subjects were viewed in much greater numbers after the initial event, (e.g. A guide to disability benefits) suggesting that many preferred to engage in a private way, or at a time of day that was better suited to their needs. We recruited a new Trustee and maintained the profile of having Board members who are engaged in all stages of their career, ranging from undergraduate study, to initial and senior roles, through to retirement. The age profile of the Board is the youngest it has ever been, 4 of the 11 members are female, and two are people of colour. One Trustee is a non-UK national, based in Angola. We have increased our communications to the global membership, and offered online contact whenever an in person visit was not possible, thus increasing the peer-to-peer element of our work.

## SERVICE USER FEEDBACK

Service users regularly tell us that our interventions make a positive difference to them and

their family. Examples received during 2023 included:

*"...This grant couldn't have come at a better time, it will help massively with my energy bills as they are high and seem to be increasing again, especially with the cold weather. Again, thank you for all your help, you've been beyond helpful and I'm very grateful to yourself and IMechE..." (From a UK mature student member with young child)*

*"...I wanted to thank you for referring me to the family coaching an support service (NEST). Maggie has been an excellent coach and she has been an absolute blessing with supporting me with my mum. I honestly can't thank you enough..." (UK based member juggling care and work)*

*"...I just wanted to express my gratitude to you for informing me of the Student Hardship Grant scheme, and to the Student & Apprentice panel for considering my application and providing me with substantial support so promptly. This will significantly improve my current situation and further embed my desire to stay connected with IMechE in my future career..." (UK BEng student)*

*"...I would like to thank you and the team for such amazing help which has lifted a tonne of weight off my shoulders. No words can express my gratitude and would like to extend a special thank you to Maureen for your quick response and extra assistance in signposting me to Fiona, also to David who showed great compassion every time I spoke to him and to all the Trustees for pretty much enabling me to proceed with my Master's degree with much, much, less worry and anxiety. I will not forget this assistance and God bless you all..." (UK mature Masters student with children)*

**FINANCIAL REVIEW**

Support Network has three main sources of income: (a) donations received from IMechE members during the year, with associated Gift Aid receipts where applicable; (b) legacy and in memoriam gift donations; and (c) investment portfolio gains, received as dividend income. (Capital gains are also obtained from the investment portfolio, and where funds are held as 'accumulation units' any receipts are automatically reinvested into the investment holding, rather than drawn as income *per se*, in order for the same to hold long-term value against changes in inflation over time). Support Network has an unrestricted investment fund which is invested to provide a regular and reliable source of income for Support Network. The Trustees are legally bound to promote the best long-term interests of Support Network and to make adequate provision for both present and future beneficiaries. The overall investment policy is to obtain the best financial return from Support Network's assets, consistent with acceptable risk. To achieve this, the given powers of investment will be exercised so that the assets yield the best long-term return by way of both income and capital appreciation, judged in relation to the risks of investment. The portfolio is diversified in respect of asset class, geographical exposure and investment managers.

**1) Results**

The net gain for the year ended 31 December 2023 was £1,114,276. Expenditure was £1,012,847.

**2) Voluntary income**

- Donations, subscriptions and bequests
- Dividends and interest from an investment portfolio

Voluntary income, comprising donations and bequests, were received at a value of £261,835 (2022: £274,694). In 2023, dividends and interest from the investment portfolio amounted to £1,011,672 (2022: £1,031,983). The Trustees continue to have a preferred strategy of largely holding Support Network's equity-based investments in accumulation units, (rather than drawing an income stream from the same), in order to offset any losses in capital value, and hence to help to preserve funds for the future, save for the COIF Charifund holding where at times the dividend was drawn in order to provide greater operational income during the financial

year. The Trustees again decided the strategy of meeting any final operational deficit at the year-end through drawing from the reserves, rather than limiting grant or service provision expenditure in year. From the total expenditure 99% was spent on charitable activities (99% in 2022). This included charitable grants of £582,431 (2022: £409,755).

### 3) Investment Portfolio

The allocation of Support Network's investment portfolio at the close of 2023 was:

| VALUE | ASSET | INVESTMENT | BENCHMARK |
|---|---|---|---|
| 29.4% | Equities | M&G Charifund | FTSE All Share Index |
| 41.8% | Equities | M&G Global Dividend Fund | FTSE All Share Index |
| 12.1% | Equities | Fidelity Institutional Funds | FTSE All Share Index |
| 8.8% | Multi Asset | Cazenove Charity Multi Asset Fund | FTSE All Share Index |
| 5.6% | Property | Charities Property Fund | HSBC PUT Index |
| 2% | Equities | COIF Investment Fund | FTSE All Share Index |
| 0.3% | Cash | COIF Deposit Fund | London Interbank Rate |
| 0% | Bonds | COIF Fixed Interest Fund | WM Co. UK Bonds |

We do not have any control over how the JP Dudin Trust is invested, though we receive dividends from it, so it is not shown in the investment portfolio above.

Given the low interest rates now offered on cash deposits, the amount held in the COIF Deposit Fund has been maintained at a low level.

### 4) Social, environmental or ethical constraints

In the annual review of investment policy for the charity, the Trustees considered whether there should be any social, environmental or ethical considerations to impose constraints on how Support Network should invest and commenced work to create a screened ESG (environmental, sustainable, governance) focussed approach. With many of the Institution's members working in industries commonly attributed to low ESG scoring, the Trustee Board has taken great consideration as to whether any industries should be wholly excluded from the investment portfolio. Following a poll undertaken in November 2022, the Trustee Board has committed to understand its exposure to and commence exclusion of investments from the portfolio in the following areas:

- gambling operations
- pornography & violent material
- tobacco production
- oppressive regimes
- animal testing
- high interest lending
- alcohol production

- parties without an anti-slave labour policy

Realignment across these areas commenced in February 2023 as part of the 5-year cyclical review of the organisation's investments, working towards complete removal by the end of 2024.

## 5) Reserves Policy and Designated Fund

Support Network is a 'closed' charity in that it does not actively seek funding from outside the membership of the Institution of Mechanical Engineers. Each year, a significant proportion of the charity's income is derived from annual and irregular donations, and bequests. Legacy income, however, is very uncertain, as are the levels of donations *per se*, and it cannot be guaranteed that voluntary donation levels will be repeated (or increased) year on year. In order to safeguard the ongoing provision of grants to current beneficiaries, and to cover non-discretionary expenditure, (such as salaries, pension contributions, rent), the Trustees hold reserves at a minimum level of one year's average expenditure. In anticipation of increased grant giving and/or social investment initiatives, it has been agreed to increase the level of reserves from £1,000,000 to £2,000,000.

Additionally, during 2020, Trustees agreed to create a designated fund to meet operational expenditure 'in perpetuity' and set this fund at £8,000,000. As at 31 December 2023, total funds exceeded this combined £10,000,000 amount. Accordingly, the funds are held to ensure future needs can be met, especially if there is an unexpected large-scale event requiring additional resources to be provided e.g. a significant downturn in a sector of the mechanical engineering industry at a future date.

Accordingly, the Trustees are confident that the introduced foundation giving approach can be further implemented and established, as the level of immediate and long-term reserves has been more than achieved, and that this is an active strategy in order to best use some of these resources. The reserves policy is reviewed annually, taking into account the latest forecasts of income, expenditure and changes in grant making policy.

## 6) Grant Making Policy

All grants made in 2023 were for the benefit of individuals, save for the foundation funding grants that are detailed below. In 2023, 386 members contacted us for the first time (2022: 228), their requests including help with finances, employment coaching, dyslexia support, social visits or legal advice. During the year 917 grant payments were made (2022: 825). The majority of grants and support decisions were either determined/confirmed by the Grants Committee, (which met twice during the year); through the remote decision making panels; or were initially made by the staff team, and subsequently authorised by a designated Trustee through the Office Decisions process. All proposed Office Decisions were made available on a password restricted basis to Trustees via the Extranet, to allow Trustees to see whether they agreed with the decisions made by the OD Trustee. Where the Chair, CEO or the Operations Manager made grant funding decisions, these were made within the agreed delegated limits of both value and type of award, and were reported to the subsequent Grant Committee meeting.

Considerable care is taken to ensure that applicants are able to apply for all welfare benefits, state support and/or other third party assistance that they might be entitled to, before charitable grants are made. Support Network aims to make a positive impact and difference on the lives of people who are assisted, and accordingly at the outset of providing support, the avoidance of creating long-term dependency is paramount, so that wherever possible, people are helped to help themselves.

Examples of grants awarded included: allowances towards fuel and utility costs; travelling

expenses for visiting people in hospital or nursing care; television licence fees; telephone calls; computer equipment, broadband and wifi access; crisis payments to relieve sudden unanticipated financial needs; replacement items such as washing machines, cookers, fridges, heating appliances; health and medical equipment; powered mobility vehicles; essential house repairs and insulation; adaptations to the homes of disabled people; gardening costs for older people; care help at home; personal emergency alarms; arrangements for respite care and the costs of respite breaks; and assistance towards residential and care home care costs.
A separate programme of grants is available for disabled or disadvantaged Apprentices, undergraduates, and other students who are IMechE members, irrespective of where in the world they live or study. A Newly Qualified Fund is available for IMechE members who have completed their studies or training in the immediate past 3 years, which seeks to ease the transition into the world of work.

The foundation funding element of our work is divided into the areas of international development; education; and engineering innovation. We want our work in these areas to ideally have a STEM (science, engineering, technology, mathematics) focus and to also align with the work of the IMechE. We additionally frame these areas within the UN Sustainable Development Goals. Whilst we have a preference for making award to or through UK based charitable organisations (as we feel that in the initial stages of our entering this work this is a close 'fit' for undertaking our due diligence process) this is not a fixed requirement, especially where we feel that the ultimate outcomes and impact of the funded work will help us to meet our expanded charitable objectives in respect of using engineering to relieve poverty.

### 7) Pension Funds

All current Support Network staff are enrolled in the IMechE's contribution based pension scheme which is operated by Scottish Widows plc. During 2023, the employer rate was 10% (2022: 10%). The company used to operate a defined benefit scheme which is now closed. As prescribed by FRS 102, the funding level of the defined benefit pension fund must be disclosed. After an actuarial report carried out for the IMechE consolidated accounts to 31st December 2023, the pension fund was 100% funded.

## Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Trustees 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 charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Trustees 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 charitable company will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the

financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

Each of the persons who is a Trustee at the date of approval of this report confirms that:

- So far as each Trustee is aware, there is no relevant audit information of which the company's auditor is unaware; and
- Each Trustee has taken all steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The trustees have taken advantage of the small companies exemption in preparing the trustees' annual report and the financial statements.

**PLANS FOR FUTURE PERIODS**

During 2024 Support Network plans to continue our core work whilst responding to additional needs and challenges faced by members and their families. As such we will work to:

**MAINTAIN A FOCUS ON MENTAL HEALTH INITIATIVES:** Continue to promote and provide positive and/or preventative measures to maintain good mental health and wellbeing, especially in respect of the cost-of-living crisis, and be responsive to the perceived stigma felt by some applicants and reshape our offerings to assist in delivering support to those in need. Further expand current offering to address issues relating to loneliness; poor nutrition; counselling needs; relationship breakdown; parenting support; gambling; substance abuse; and anxiety.

**ASSIST WITH ENGINEERING CAREER FUTURES:** Continue to focus on our Student, Apprentice, and Newly Qualified grant programmes, both in the UK and internationally, plus employment training, career break return and mentoring support, with a core response to members at risk of/experiencing redundancy to enable them to enter, re-enter or remain in engineering or related paths. Work in partnership with the IMechE/others to support programmes that enable STEM focussed work experience programmes and/or remove barriers to entering the mechanical engineering profession as part of our diversity and inclusion work. Expand our offerings to Armed Forces and STEM returners.

**FOUNDATION GRANT-MAKING:** Build on our 2023 work and further learning in this area through our strategic review, to make more grants during 2024, and ensure that each of the strands of education, engineering innovation and international development is supported. Further review our contribution through this work to the Sustainable Development Goals (SDGs) undertake measures to help meet the climate crisis.

**IMPLEMENT ESG PRINCIPLES TO OUR INVESTMENT PORTFOLIO (environment, social, governance) and UNDERTAKE FINANCIAL REVIEW:** During 2024 we will implement the changes required to restructure our investment portfolio with our revised investment strategy and ESG policies adopted during 2023, in order to further align our investments with our mission. Undertake a review of finance, donations and fraud protection processes and policies.

**PLACE DIVERSITY & INCLUSION AT THE HEART OF ALL THAT WE DO:** Maintain our global reach to individual IMechE members in respect of services, grants, volunteering and Trustee opportunities through adapting our processes to remove barriers to engagement with us e.g. establishing digital working as our effective norm. Continue to undertake an holistic approach to casework ensuring that additional issues such as disability, carer responsibilities, physical or mental health issues; possible discrimination at work are identified - even when these are not the presenting problem – and increase our effective grants and service responses to the same. Undertake member

survey and focus group research to shape offerings to the widest member need and to complement the IMechE inclusion strategy.

## IN APPRECIATION

The Trustees would like to convey their sincere thanks to the many volunteers who have so generously given their time in assisting Support Network, and especially for their continued adaptability and commitment during the extended periods of lockdown and enforced online 'visiting'. They would also like to express their thanks to the staff, who have continued to work effectively throughout the year, adapting to working from home and being away from colleagues. The combined team of staff and volunteers make it possible to continue the charity's essential work of relieving poverty whilst minimising administrative overheads. Gratitude is also expressed to IMechE colleagues for their support and assistance throughout the year. With the continued contribution of this combined team, Support Network looks forward with confidence to enhancing the lives of IMechE members and their dependents who find themselves in need of assistance, and additionally to extending and expanding our foundation funding work and associated impact.

**This report was approved by the Trustees on 25 ~~June~~ July 2024 and signed on their behalf by:**

**Bruce Dagley, Chair**

**Andrew Rowland, Treasurer**

**Reference and Administrative Information**

Name: The Benevolent Fund of the Institution of Mechanical Engineers **(Support Network)**

Charity Reg. No.209465 Company Reg. No.130981 Registered Office: 3 Birdcage Walk, London SW1H 9JJ

| ROLE | NAME | COMMITTEES | 2023 TB MEETINGS ATTENDED | NOTES |
|---|---|---|---|---|
| Chair | Bruce Dagley | 1,2,3,6 | 4 | |
| Deputy Chair | Farah Baksh | 1,2,3,4,5,6 | 4 | |
| Treasurer | Andrew Rowland | 1,3 | 2 | |
| International Trustee | Chukwuma Onunkwo | 1,7,11 | 3 | |
| Young Member Trustee | Harshitha Manjula Rajappa | 1,7 | 1 | |
| Visitor Trustee | David Price | 1,12 | 2 | |
| Trustee | Tony Frater | 1,7 | 2 | |
| Trustee | Jodie Howlett | 1,6 | 3 | |
| Trustee | Al Peasland | 1,2,3,8 | 3 | |
| Trustee | Elisabeth Wilson | 1 | 4 | |
| Trustee | John Cornforth | 1,2,6,8 | 1 | *Retired July 2023* |
| Trustee | Bob Cuthbertson | 1,6 | 0 | *Co-opted Sept 2023* |
| CEO & Co. Sec. | Anni Broadhead | 1,2,3,4,5,9,10 | 4 | |

**Key to Committees**

1 Member of the Grants Committee
2 Member of the Personnel Committee
3 Member of the Finance Committee
4 Co-lead on Communications and IMechE relationship
5 Co-representative on IMechE Diversity & Inclusion Board
6 Member of the New Application Panel
7 Member of the Student & Apprenticeship Panel
8 Member of the Office Decision Panel
9 Lead on General Data Protection Regulations
10 Lead on Foundation Funding
11 IMechE Reduced Subscriptions panel representative
12 Lead on membership survey & relations

**Key Management Personnel**

The Trustees have delegated significant authority and responsibility in the day-to-day running of the charity to the Chief Executive, Anni Broadhead.

**Investment Managers:**

Cazenove Schroder & Co. Limited, 31 Gresham Street, London EC2V 7QA
CCLA Investment Management Limited, 80 Cheapside, London EC2V 6DZ
Cordea Savills LLP, 33 Margaret Street, London W1G 0JD
Fidelity International, 130 Tonbridge Road, Tonbridge, Kent, TN11 9DZ
M&G Ltd, Laurence Pountney Hill, London EC4R 0HH

**Bankers:** NatWest Bank plc, 38 Strand, London WC2N 5JB
**Auditors:** Moore Kingston Smith LLP, 6th Floor, 9 Appold St, London EC2A 2AP
**Solicitors:** Bircham Dyson Bell, 50 Broadway, London SW1H OBL

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

### Opinion

We have audited the financial statements of The Benevolent Fund of the Institution of Mechanical Engineers ('the company') for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement] and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 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 charitable company'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 trustees are responsible for the other information contained within the annual report. 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.

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 course of 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 themselves. 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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report have 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' annual report and from preparing a strategic report.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 12, 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 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 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**

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.

- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.

- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of

management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

**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 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP.

Jonathan Aikens (Partner)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Date: 19 August 2024

Sixth Floor
9 Appold Street
London
EC2A 2AP

## The Benevolent Fund of the Institution of Mechanical Engineers

### Statement of Financial Activities
### For the year ended 31 December 2023

| | Notes | Total (Unrestricted) General Funds 2023 | Total (Unrestricted) Designated Funds 2023 | Total (Unrestricted) Funds 2023 | Total (Unrestricted) Funds 2022 |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Income and Endowments from:** | | | | | |
| ***Donations and Legacies*** | | | | | |
| Donations, bequests | 1 | 261,835 | - | 261,835 | 274,694 |
| ***Investments*** | | | | | |
| Interest & dividends | 2 | 1,011,672 | - | 1,011,672 | 1,031,983 |
| **Total** | | 1,273,507 | - | 1,273,507 | 1,306,677 |
| **Expenditure on:** | | | | | |
| Raising funds | | 7,395 | - | 7,395 | 8,238 |
| Charitable activities | 3 | 1,005,452 | - | 1,005,452 | 764,310 |
| **Total** | | 1,012,847 | - | 1,012,847 | 772,548 |
| Net gains / (losses) on investment assets | 9 | 853,616 | - | 853,616 | (1,515,725) |
| ***Net income / (expenditure)*** | | 1,114,276 | - | 1,114,276 | (981,596) |
| **Transfers** | 14 | - | - | - | - |
| ***Net movement in funds*** | | 1,114,276 | - | 1,114,276 | (981,596) |
| **Reconciliation of funds:** | | | | | |
| Total funds brought forward | 14 | 26,005,080 | 8,000,000 | 34,005,080 | 34,986,676 |
| Total funds carried forward | 14 | 27,119,356 | 8,000,000 | 35,119,356 | 34,005,080 |

All income and expenses derive from continuing operations and relate to general funds.

The notes numbered 1 to 22 form part of these accounts.

# The Benevolent Fund of the Institution of Mechanical Engineers

## Balance Sheet
## For the year ended 31 December 2023

| | Notes | Total Funds 2023 £ | Total Funds 2022 £ |
|---|---|---|---|
| **Fixed Assets** | | | |
| Tangible assets | 8 | - | - |
| Investments:- | | | |
| Stock Market Investments | 9 | 33,770,586 | 32,766,521 |
| *Total fixed assets* | | 33,770,586 | 32,766,521 |
| **Current Assets** | | | |
| Debtors | 12 | 52,893 | 42,348 |
| Cash at bank and in hand | 11 | 168,848 | 141,749 |
| Loans (due after more than one year) | 10 | 1,244,068 | 1,176,331 |
| *Total current assets* | | 1,465,809 | 1,360,428 |
| **Liabilities** | | | |
| Creditors: - amounts falling due within one year | 13 | 117,039 | 121,869 |
| | | 117,039 | 121,869 |
| ***Net current assets*** | | 1,348,770 | 1,238,559 |
| ***Total assets less current liabilities*** | | 35,119,356 | 34,005,080 |
| **The funds of the charity:** | | | |
| Unrestricted funds | | 27,119,356 | 26,005,080 |
| Designated funds | | 8,000,000 | 8,000,000 |
| | | 35,119,356 | 34,005,080 |

These financial statements were approved by the Trustee Board on 25 July 2024 and signed on its behalf by:-

Bruce Dagley, Chair

Andrew Rowland, Treasurer.

Members of the Trustee Board

The notes numbered 1 to 20 form part of these accounts.

Company Number 130981

# The Benevolent Fund of the Institution of Mechanical Engineers

## Statement of Cash Flows
## For the year ended 31 December 2023

| | Notes | 2023 £ | 2022 £ |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| *Net cash used in operating activities* | | (834,123) | (515,648) |
| **Cash flows from investing activities:** | | | |
| Dividends and interest from investments | | 588,673 | 478,613 |
| Bank interest received | | 1,038 | 164 |
| Purchase of investments | | 0 | (150,000) |
| Proceeds from sale of investments | | 350,000 | 100,000 |
| Change in cash held by investment manager | 11 | (78,489) | 148,802 |
| **Net cash provided by investing activities** | | 861,222 | 575,742 |
| *Change in cash and cash equivalents in the reporting* | | 27,099 | 59,931 |
| *Cash and cash equivalents at the beginning of the reporting period* | | 141,749 | 81,818 |
| *Cash and cash equivalents at the end of the reporting* | | 168,848 | 141,749 |

| **Net (expenditure)/income for the period** | £ | £ |
|---|---|---|
| **Net income for the reporting period** | 1,114,276 | (981,596) |
| Adjustments for: | | |
| Dividends, interest from investments | (1,011,672) | (1,031,983) |
| Depreciation charges | - | - |
| Decrease / (increase) in debtors | (78,281) | (68,928) |
| Increase / (decrease) in creditors | (4,830) | 51,134 |
| (Gains) / losses on investments | (853,616) | 1,515,725 |
| **Net Cash used in operating activities** | (834,123) | (515,648) |

| **Net Debt Note** | At 01/01/23 £ | Cashflows £ | Non-cash £ | At 31/12/23 £ |
|---|---|---|---|---|
| Cash | 141,749 | 27,099 | - | 168,848 |
| | 141,749 | 27,099 | 0 | 168,848 |

# Accounting Policies
# For the year ended 31 December 2023

## ACCOUNTING POLICIES

The Charity is a private limited company (Charity Reg. No 209465, Company Reg. No 130981), which is incorporated and domiciled in the UK and is a public benefit entity. The address of the registered office is: 3 Birdcage Walk, London SW1H 9JJ.

A Summary of the accounting policies which have been applied consistently is set out below.

### a) BASIS OF ACCOUNTING

The accounts (financial statements) have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS102 the Financial Reporting Standard, including Update Bulletin 2, applicable in the UK and Republic of Ireland, the Companies Act 2006, and the UK Generally Accepted Practice as it applies from 1 January 2015. The accounts comply with applicable charity and company law in England and Wales.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound. The financial statements have been prepared on the historical cost convention, modified to incorporate the revaluation of investments.

### b) GOING CONCERN

The financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that would result from the company not being able to continue for the next 12 months. There are no material uncertainties about the company's ability to continue as a going concern. The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the entity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. The trustees conclude there is a reasonable expectation that the Fund has adequate resources and unrestricted reserves/cash balances to continue in operational assistance for the foreseeable future. The Fund therefore continues to adopt the going concern basis in preparing its financial statements.

### c) FUND ACCOUNTING

The financial statements make reference to Total Funds. These funds are unrestricted and therefore can be drawn on when required.

Trustees may designate and set aside unrestricted funds for specific purposes

### d) FINANCIAL ASSETS

The Charity has elected to apply the provisions of Section 11 "Basic financial instruments" of FRS102 to all of its financial instruments. Financial assets are recognised in the company's statement of financial position when the Charity becomes party to the contractual provisions of the Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

**Loan and receivables**

Life-time interest free loans are made to approved beneficiaries which are repayable only from the estate of the beneficiary or, in the case of joint loans, from the estate of the second surviving partner. These are accounted for at cost.

**Impairment of financial assets**

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

## e) FINANCIAL LIABILITIES

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

## f) INVESTMENTS

Investments are stated at fair value at the balance sheet date. The statement of Financial Activities includes the net gains and losses on revaluation and disposals of investment funds throughout the year.

## g) TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost (a capitalisation limit is in place of £1,000) less depreciation calculated at rates intended to write off their cost less estimated residual value over the period of their estimated useful lives at the following rates:

| | |
|---|---|
| Furniture | 20% per annum on written down value |
| Equipment | 33% per annum on cost |

## h) RESOURCES EXPENDED

Expenditure is accounted for on an accruals basis inclusive of any VAT which cannot be recovered. Expenditure is recognised once there is legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and can be measured reliably. Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure. Support costs are allocated between the categories of expenditure depending on their nature.

## Accounting Policies
## For the year ended 31 December 2023

### i) INCOME

Incoming resources are recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and likelihood of receipt is probable. Bank interest is accounted for in the period for which the charity is entitled to receipt.

Legacies are recognised when all the criteria have been met; entitlement when probate has been granted and the executor(s) of the estate have established that there are sufficient assets in the estate, after settling liabilities to pay legacy income; the value is reliably measured and the likelihood of receiving the legacy is probable.

### j) POST-RETIREMENT BENEFITS

The charitable company has associated member status in the pension scheme operated by the Institution of Mechanical Engineers which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the charitable company. The charitable company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period. All new staff are enrolled in the defined benefit scheme with contributions charged to the Statement of Financial Activities as incurred.

### k) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements, nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

## Accounting Policies
## For the year ended 31 December 2023

### 1 Income

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Donations & Gift Aid Reclaim | 260,382 | 266,356 |
| Donations in Kind | - | 6,595 |
| JP Dudin Bequest | 1,453 | 1,743 |
| | 261,835 | 274,694 |

### 2 Investment Income

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Dividends & loan stock interest - UK investments | 1,010,634 | 1,031,819 |
| Bank Interest | 1,038 | 164 |
| | 1,011,672 | 1,031,983 |

### 3 Charitable Activities

| | 2023 | 2022 as restated |
|---|---|---|
| | £ | £ |
| Grants for the relief of poverty | 394,511 | 308,651 |
| Foundation grants | 187,920 | 101,104 |
| Allocation from salaries | 200,790 | 183,323 |
| Allocation from support costs (note 4) | 222,231 | 171,232 |
| | 1,005,452 | 764,310 |

All grants were made to individuals. During the year there were 425 beneficiaries (2022: 168).

| Analysis of Grants | Grants to Institutions | Grants to Individuals | Support Costs | Total |
|---|---|---|---|---|
| Grants for the relief of poverty | - | 394,511 | 286,534 | 681,045 |
| Foundation Grants:Bridges to Prosperity | 80,003 | | 58,106 | 138,109 |
| Foundation grant: Ecologia | 56,444 | - | 40,995 | 97,439 |
| Foundation Grants:Enthuse Charitable | 50,000 | | 36,315 | 86,315 |
| Foundation Grants:Global Greengrants | - | | - | - |
| Foundation grant: Rapid Foundation | 1,473 | - | 1,070 | 2,543 |
| Foundation grant: Remap | - | - | - | - |
| Total | 187,920 | 394,511 | 423,021 | 1,005,452 |

### 4 Support Cost

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Training Volunteers | 702 | 7,783 |
| Staff Costs | 105,044 | 82,101 |
| Grants committee expenses | - | 65 |
| Visiting beneficiaries | 1,154 | 1,879 |
| Publications | 1,970 | 1,031 |
| Printing & Stationery | 911 | 1,523 |
| Postage & telephone | 1,299 | 1,805 |
| Communications & database | 24,508 | 19,308 |
| Depreciation | - | - |
| Extranet for use by Volunteers | 3,982 | 1,492 |
| Accommodation charges | 8,693 | 8,693 |
| Accounting & Computer Services | 16,176 | 16,054 |
| Travel & subsistence | 70 | 565 |
| Bank charges | 3,274 | 1,301 |
| Subscriptions to professional bodies | 2,904 | 2,729 |
| Sundry | 382 | 464 |
| Loan write off | - | - |
| Homeworking costs | 452 | 513 |
| 110th Anniversary | 9,628 | - |
| Allocation from governance costs (note 5) | 41,082 | 23,926 |
| | 222,231 | 171,232 |

| 5 Other: governance costs | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Audit fee (current year inc VAT) | 17,388 | 12,242 |
| Committee expenses | 6,588 | 10,945 |
| Compliance costs & insurance | 2,141 | 739 |
| Legal Fees | 1,692 | |
| Strategic Review | 13,273 | |
| | 41,082 | 23,926 |

No payments have been made to the auditor or their associates in respect of non-audit work during the year.

| 6 Staff | 2023 | 2022 |
|---|---|---|
| Staff costs comprise:- | £ | £ |
| Salaries and other emoluments | 249,492 | 212,644 |
| Social security costs | 23,524 | 22,026 |
| Other pension costs | 24,206 | 23,228 |
| HR and payroll support | 6,170 | 4,536 |
| Training | 1,588 | 2,562 |
| Tax on staff taxable benefits | 854 | 428 |
| | 305,834 | 265,424 |

Those earning over £60,000 in the year are:

| | 2023 | 2022 |
|---|---|---|
| £70,001 to £80,000 | - | 1 |
| £80,001 to £90,000 | 1 | - |

The total amounts paid in respect of key management personnel in 2023: £102,497 (2022: £87,050 ) and pension contribution of these high paid employees was in 2023 £9,280 (2022 £8,838 ).

The average number of persons employed by the entity under contracts of service was 4 (2022: 4)

| 7 Trustee Board | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Travel and subsistence expenses paid | 6,588 | 10,945 |
| | No. | No. |
| Number of members who claimed | 8 | 9 |

No member of the Committee received any remuneration in respect of services to the Fund for the year.

| 8 Fixed Assets - Furniture and Office Equipment | 2023 | 2022 |
|---|---|---|
| Cost | £ | £ |
| At 1 January | 43,052 | 43,052 |
| Additions | - | - |
| At 31 December | 43,052 | 43,052 |
| | | |
| Depreciation | | |
| At 1 January | 43,052 | 43,052 |
| Amount provided | - | - |
| At 31 December | 43,052 | 43,052 |
| | | |
| Net Book Value at 31 December 2023 and 31 December 2022 | - | - |

## Accounting Policies
## For the year ended 31 December 2023

| 9 Investments (at market value) | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| J P Dudin income account | - | - |
| M&G Chari Fund Accumulation Units | 9,883,653 | 9,876,774 |
| M&G Global Dividend Fund Accumulation Units | 14,071,709 | 12,982,120 |
| Fidelity Fund Shares | 4,152,942 | 3,956,242 |
| Cazenove Charity Multi Asset Fund Income Units | 3,005,505 | 2,970,531 |
| Charity Property Fund Income Units | 1,868,453 | 1,987,555 |
| CCLA COIF Charities Investment Fund Income Units | 681,083 | 964,547 |
| CCLA COIF Fixed Interest Fund Units | - | - |
| Total | 33,663,345 | 32,737,769 |

All investments are listed UK securities.

| | 2023 Capital | 2022 Capital |
|---|---|---|
| Movements of investments | £ | £ |
| Market value at 1 January | 32,737,769 | 33,648,287 |
| Purchases and accumulations | 421,960 | 705,207 |
| Disposal proceeds | (350,000) | (100,000) |
| Net investment gain/(loss) | 853,616 | (1,515,725) |
| | 33,663,345 | 32,737,769 |
| Cash with investment manager | 107,241 | 28,752 |
| Market value at 31 December | 33,770,586 | 32,766,521 |
| Historic costs at 31 December | 20,431,151 | 20,359,192 |
| Unrealised investment gains at 31 December | 13,339,435 | 12,407,329 |

| 10 Loans | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Brought forward 1st January | 1,176,331 | 1,110,548 |
| Additions | 148,420 | 92,973 |
| Repayments | (80,683) | (27,190) |
| Written off | | - |
| Carried forward 31st December | 1,244,068 | 1,176,331 |

These loans are interest free and are repayable to the Benevolent Fund from the estate of the beneficiaries in more than one year. The amount of provided unsecured loans in 2023 was £147,714 (2022: £90,036 ).

| 11 Analysis of Changes in Cash | 2023 | Cash flow | 2022 |
|---|---|---|---|
| | £ | £ | £ |
| Cash at bank and in hand | 168,848 | 27,099 | 141,749 |
| Cash with investment manager - see note 9 | 107,241 | 78,489 | 28,751 |
| | 276,089 | 105,588 | 170,500 |

| 12 Other Debtors | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Amounts due from the Institution of Mechanical Engineers | 4,270 | 9,879 |
| Other debtors | 48,623 | 32,469 |
| | 52,893 | 42,348 |

## 13 Creditors

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Amounts due to the Institution of Mechanical Engineers | 96,332 | 102,386 |
| Audit fees | 15,000 | 12,000 |
| Accruals | 5,707 | 7,483 |
| | 117,039 | 121,869 |

## 14 Analysis of Funds at 31 December 2023

| | 1 January 2023 | Income | Expenditure | Gains / losses | 31 December 2022 |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Unrestricted** | | | | | |
| *Designated Funds* | 8,000,000 | | | - | 8,000,000 |
| *Unrestricted Funds* | 26,005,080 | 1,273,507 | (1,012,847) | 853,616 | 27,119,356 |
| **Total funds** | 34,005,080 | 1,273,507 | (1,012,847) | 853,616 | 35,119,356 |

## 15 Financial Commitments

The Trustee Board has given outline approval to help certain beneficiaries during the coming year. Because actual circumstances will vary, it is not possible to accurately quantify the amount at this time but the level is not expected to be material.

## 16 Pensions

All current employees participate in the Institution of Mechanical Engineers contribution based pension scheme. In 2023 the Institution matched employee contributions to this plan up to a maximum of 10% of salary (2022: 10%).

The Benevolent Fund has associated member status in the defined benefit pension scheme operated by the Institution of Mechanical Engineers, which is now closed to new members. The latest full actuarial valuation was carried out at 1 December 2015 and updated to 31 December 2019 by a qualified independent company of actuaries, and can be found in the consolidated accounts of the Institution. As prescribed by FRS102, the funding level of the pension fund must be disclosed; after an actuarial report carried out for the Institution of Mechanical Engineers consolidated accounts to 31 December 2023, the pension fund was 100% funded (2022 100%).

The Benevolent Fund is therefore exposed to actuarial risks associated with the scheme operated by the Institution of Mechanical Engineersand and is unable it identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents contributions payable to the scheme in respect of the accounting period. The Benevolent Fund has entered into an agreement whereby the Fund recognises a liability for contributions payable that arise from the agreement ("Deficit Recoverable Plan") to the extent that they relate to the deficit and resulting expense in the income and expenditure account. As at 31 December 2023 no such "Deficit Recoverable Plan" was in place and as a result no liability has been recognised in these financial statements relating to this.

## 17 Taxation

The Benevolent Fund is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

## 18 Ultimate parent

In the opinion of the trustees there is no controlling party.

## 19 Related Party Transactions

The Benevolent Fund of the Institution of Mechanical Engineers (Support Network) is an independent and separate charity and company from that of the Institution of Mechanical Engineers (IMechE). Whilst these organisations have distinct purposes and operations, there is a close relationship. This is largely due both Support Network and the IMechE helping the same people, they re both linked to the membership base of the IMechE. Support Network therefore seeks to ensure that the services and grants offered are aligned with the needs of this particular part of the engineering community. Support Network is grateful for the donation collection undertaken by the IMechE, and for related marketing and communications promotion that is provided by them. Over recent years at least one of the Support Network Trustees has been sourced from the IMechE employee group, further helping to understand and the align the work of the two organisations

In 2023 donations received via the IMechE totalled £205,610, and recharged expenditure from IMechE totalled £333,277, leaving a net balance of (£127,666). 2022 figures were receipts £216,707, recharges £286,907, and net balance (£70,200).

Related party transactions in both 2023 and 2022, other than trustees' travelling and subsistence expenses reported in Note 7.

## 20 Commitments

The total commitment for rental costs were £10,779, and other services were £11,933 at 31 December 2023 (2022: rental costs £10,779, other services £11,933)

## 21 Company Limited by Guarantee

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

## 22 Prior Year Adjustments

Staff costs were wholly attributed to support costs in 2022. Having reviewed the position to reflect a more accurate pictures of activities undertaken, £183,323 of the 2022 total staff costs of £265,424 have been reallocated to costs from charitable activities in the prior year.

THE BENEVOLENT FUND OF THE INSTITUTION OF MECHANICAL ENGINEERS

England & Wales - Charity number 209465

# Accounts

# The Benevolent Fund of the Institution of Mechanical Engineers

Annual Report and Accounts For the year to 31 December 2022

Company Registered in England No.130981
Registered Charity No: 209465

**The Benevolent Fund of the Institution of Mechanical Engineers**
**Report of the Trustees**
**For the year ended 31 December 2022**


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## INTRODUCTION

The Trustees are pleased to submit their annual report which incorporates the Trustees' Report and accounts for the year ended 31 December 2022. In preparing this report the Trustees have complied with the Charities Act 2011, the Companies Act 2006, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in UK and Republic of Ireland (FRS102), and the company's Articles of Association governing document.

## REFERENCE AND ADMINISTRATIVE DETAILS

The Benevolent Fund of The Institution of Mechanical Engineers (also known as, and now operating under, the working title of 'Support Network') was founded in 1913 and is registered with the Charity Commission for England and Wales as charity number 209465. Support Network is also a Company Limited by Guarantee; and is registered with Companies House as company number 130981. The Trustees, Officers and professional advisers of the charity are listed on page 16 of this report. Support Network operates throughout the United Kingdom and internationally, wherever there are members (or former members) of the Institution of Mechanical Engineers (IMechE). Although close ties exist between Support Network and the IMechE, it should be noted that they are separate and distinct registered charities and companies, with different objectives, funds and management structures.

## STRUCTURE, GOVERNANCE AND MANAGEMENT OF THE CHARITY

Support Network is a charitable company limited by guarantee, established under a Memorandum of Association, now revised as Articles of Association (January 2020) which sets out the objects and powers of the charitable company and all governance provisions relating to the same. A copy of the current version of the Articles of Association are filed with both the Charity Commission for England and Wales and at Companies House. The Directors of the company are also charity Trustees for the purposes of charity law. The governing body of Support Network is the Trustee Board, and the Trustees are jointly responsible for its governance.

Support Network's charitable objectives are the relief and prevention of poverty. In December 2019, permission was given to expand the existing charitable objectives to include assistance to both individuals and organisations, these being:

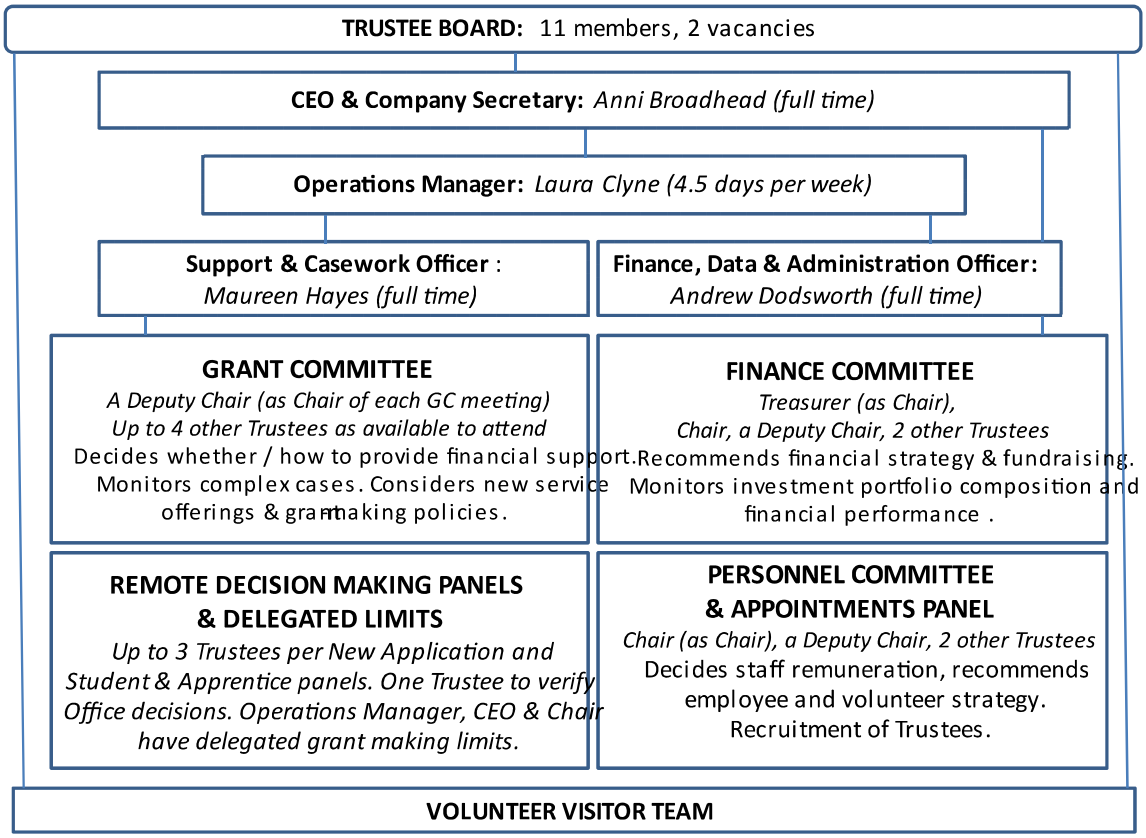
- Members (or former members) of the Institution of Mechanical Engineers (IMechE).
- The partners, civil partners, widows, widowers, children (including adult children), relatives and other dependants of such members or former members (whether such members or former members are alive or dead at the time such provision is sought).
- To relieve, or assist in the relief of, poverty or financial hardship throughout the world, in particular but without limitation to the provision of funding for development projects, particularly projects or parts of projects with a strong engineering or technical component.
- To advance education, in particular through providing funding in support of projects which develop capability in science, technology, engineering and mathematics.

Support Network has four full-time equivalent staff, who are based in the London office though largely work from home, and relies on a large network of volunteers, who themselves are mostly members of the IMechE and thus also form part of the eligible 'community' of users of the organisation's services. Volunteers assist with casework through making home visits and/or telephone or online calls for financial verification or anti-loneliness purposes, plus our international volunteers act as in-country representatives to provide a wider context to member applications. Volunteers are thereby involved with the majority of the welfare interventions and casework undertaken by the organisation. They are accordingly a mainstay of Support

Network's activities and a principal point of contact with new applicants and existing beneficiaries. As presently constituted, Support Network could not operate without them. Purely in terms of hours of casework, Support Network would require at least two extra full-time staff if there were no volunteers.

Trustees are responsible for setting the organisation strategy and for ensuring that this is implemented by the Chief Executive. To assist with this work there are three sub-committees which are accountable to the main Trustee Board. There are also additional remote grant decision making panels, and members of each committee and panel are listed on page 16. A diagram of the structure of the organisation is shown below:

**ORGANISATION STRUCTURE AT JANUARY 2023**




***Trustee Board:***

The Trustee Board, when complete, consists of at least eight and not more than thirteen individuals. The IMechE President and IMechE Chief Executive are Patrons of the charity. At date the possible change in Royal Patron is being determined. The current Board comprises 12 elected and co-opted members. None of the Support Network Trustees are also IMechE Trustees.

The Trustees serve for a fixed period of three years, after which time they are eligible to stand to serve for a further three years, after which they must retire for at least one year, before being eligible to serve on the board again, unless they hold the office of Chair or Deputy Chair at the time that their retirement would fall to be effective, at which point they may serve for an additional consecutive 12 months before being time barred. This is in order to facilitate succession planning. As of March 2023 the Trustees are considering whether to increase this extension to 24 months. Candidates to be considered for election to the Board are invited to submit statements of application against the Person Specification required that year, and to

attend an interview either with the Chair and a Deputy Chair, or otherwise the full Appointments Panel (usually comprising the Chair, Deputy Chair and one or two other Trustees, who are usually also members of the Personnel Committee). New trustees are elected by the full Trustee Board, and usually take office with effect from the date of the July Trustee Board meeting, which is also usually the first Trustee Board meeting that they attend.

The elected Trustees are often already familiar with either: 1) the purpose and practical work of Support Network, (as they have largely been recruited from those who have demonstrated a commitment to the aims and ethos of the charity by volunteering to act as 'Visitors'); or 2) with the work of the IMechE, as candidates are usually IMechE members; undertake volunteer activities for the IMechE; or are employed in a role which brings additional expertise to the Support Network board e.g. communications experience.

All Trustees are recruited in accordance with adding the required skills and experience to the board, on the basis of a skills audit of all Trustees, and associated succession planning exercise. Requirements in respect of the Code of Governance, especially those in respect of Diversity and Inclusion are considered when planning for and undertaking the recruitment of new Trustees.

During their induction process, each new Trustee is provided with access to all the necessary reference documents, policies and procedures for them to play an effective role on the Trustee Board, including copies of the governing document, Charity Commission publications, terms of reference for committees, risk register, latest full statutory accounts, and the previous year of Trustee Board minutes and financial statements. Policy documents are reviewed and revised as appropriate, with the latest editions posted on an internal Extranet, accessible via a password protected area of the governance section within the Support Network website pages. New Trustees are invited to meet with the Chief Executive (either online or at the company's registered office in London), in order to familiarise themselves with the charity, to undertake to meet the other members of the staff team, and to talk through the role and requirements in more depth. They are also required to attend external training sessions, provided by specialists in governance, to include the role, duties and responsibilities of a Trustee; finance and investment skills for Trustees; and other governance related training as applicable.

***Grant Committee:***
The Grant Committee meets as required, usually twice a year, with the purposes of: deciding awards/loans in presented cases within the grant making framework of policies and guidelines agreed by the Trustee Board; monitoring complex cases; overseeing cases determined by the staff and discussing amendments to grant making policies and strategy. It also considers the awards given via other decision making routes, and discusses new provider opportunities, with a view to making recommendations to the Trustee Board regarding emerging patterns of need and appropriate responses to the same. The Grant Committee is usually chaired by one of the Deputy Chairs, and includes up to four other Trustees, together with members of staff. New volunteers are invited to attend as part of their induction training. Other volunteer visitors may also be asked to attend if one or more of their cases are being considered and especially if those are thought to be quite complex, requiring additional discussion in person to assist with the decision-making process. All new Trustees are asked to attend a Grant Committee meeting during their first year of appointment as part of their induction or as soon as possible thereafter. Trustees who do not undertake application related visits are especially encouraged to attend Grant Committee meetings in order to understand part of the core service provision and the related risks and /or strategic elements of the same.

***Finance Committee:***
The Finance Committee meets as required to consider specific areas of finance. On an annual basis, usually in February, it receives investment manager presentations in respect of the performance of funds during the preceding year. The organisation undertakes a full review of

the investment portfolio on a five yearly basis. The Finance Committee is comprised of up to five Trustees, including the Treasurer, Chair, a Deputy Chair and two other Trustees. All matters of strategic finance, investment portfolio, fundraising targets and financial procedures can be considered by this committee, which then reports to the Trustee Board. Whilst the committee has a stated membership for ongoing development work, an open invitation is extended to all Trustees in respect of attending the annual investment manager presentations. This full invitation is also extended to any Finance Committee meeting which is attended by the auditor e.g. to present the annual audit findings and to receive questions from Trustees as part of the statutory accounts agreement and signing process. An opportunity is provided at that meeting for the auditor and Trustees to meet without staff being present. All new Trustees are asked to attend the first Finance Committee after their appointment as part of their induction.

***Personnel Committee:***
The Personnel Committee meets as required to consider specific personnel related issues, and at least annually (usually in December) when it considers the appraisals and performance of the staff team during the past year, their objectives for the coming year, and sets their individual remuneration. The Trustee Board delegates matters of staff administration, pay awards, benefits and organisation to the Personnel Committee. Issues, policies and/or procedures relating to volunteers are also considered here in the first instance. This committee is comprised of four Trustees, where possible including the Chair and a Deputy Chair of the Trustee Board. Care is taken to ensure that members of the Personnel Committee do not completely change between meetings to ensure continuity of decision making. The work of the committee is often progressed by email, on a subject specific basis, in between meetings. Policies and procedures in relation to safeguarding, and compliance with the General Data Protection Regulation 2016/679 (GDPR) is within the remit of the Personnel Committee. The Appointments Panel, which interviews potential candidates to be considered for election to the Trustee Board is a sub-set of the Personnel Committee.

***Remote Grant Decision Making Panels and direct service referrals:***
Referrals to the employment coaching service, the New Application Panel, Student & Apprentice Panel, Office Decisions process and decisions made by the Chair, Chief Executive or Operations Manager, are all additional decisions making routes which enable grant award decisions to be taken without applicants experiencing undue delay. All decisions are made within limits of type and financial amount that have been previously agreed and delegated by the Trustee Board. All awards determined by the remote grant decision making panels are reported to the following Grant Committee meeting for verification.

***Foundation Funding:***
During our initial implementation of the foundation funding programme, most decisions relating to which organisations to award foundation funding to and at what level/duration etc have either been made by the full Trustee Board and/or following a presentation by the applicant organisation to which all Trustees have been invited. In addition, designated Trustees and/or working groups have been used to link to specific projects to help with progression and management. A strategic review of this area is planned to occur in 2023.

**RISK MANAGEMENT**
The Trustees have identified the major strategic risks to which Support Network is exposed, and have considered controls and actions to mitigate them. The Trustees also take appropriate steps to moderate and manage the operational risks to which volunteers and staff of Support Network are exposed. The risk register is reviewed in full on an annual basis, usually at the October Trustee Board meeting. Competence based training for Trustees & volunteers, employer's indemnity insurance and monitoring of new legislative requirements are all examples of steps that are routinely undertaken. Authority for the day to day management of risk is

delegated by the Trustee Board to the Chief Executive. In addition, the Chief Executive, who is also the Company Secretary, undertakes regular reviews of governance related risks, to complement those reviewed by the sub-committees.

Work on the format and presentation of the risk register commenced during 2022 with agreement to make the most significant risks more prominent, essentially 'lifting' them away from other largely mitigated risks. and to also show the difference between pre and past mitigation risk values. The Trustees have identified specific key risks to the charity and the actual steps taken to mitigate those risks. The risk value is calculated as: Impact x Probability, where 1= low and 5 = high. Save for the risk shown below, all other risks have a value of 3 or less:

**MAIN RISK:**

*Expansion of Foundation project funding brings associated yet unanticipated organisational risks – assessed as risk value 4 (2x2).* Trustees feel that whilst the expansion of our activities into providing funding to organisations through our foundation funding work is welcome to increase our impact and public benefit, it also brings the organisation into new areas of operating, with associated uncertainties. There is much to learn in this new area – providing grants to fund projects is very different to awarding grants to individuals. Issues such as multi-year agreements; health and safety of projects; third party engagement; pace of project progress have all been aspects that have been considered by Trustees during 2022. We anticipate additional demands, and possibly risks too, as we increase the number of foundation grants that we have in parallel to each other. As we do not want to limit our development, as part of our risk mitigation work, we will undertake a strategic review of this function in the round during 2023.

**CHARITY ACTIVITIES AND PUBLIC BENEFIT**

Support Network is a charity which was established in 1913 for "the prevention and relief of poverty." In guidance concerning public benefit ('Public benefit: the public benefit requirement (PB1)'; 'Public benefit: running a charity (PB2)'; 'Public benefit: reporting (PB3) and 'Public benefit: rules for charities' February 2014) the Charity Commission recognised that for charities which have these charitable objectives, the rules relating to 'public' benefit are different in that:

*"...in general, for a purpose to be charitable it must satisfy both the 'public' and 'benefit' aspects of public benefit. However, if the purpose is to prevent or relieve poverty, the position is different. In the case of charities for the relief (and in some cases the prevention) of poverty the courts consider the public benefit requirement can be met by satisfying the 'benefit' aspect only. In these cases there is no separate consideration of the 'public' aspect. Legal requirement: only charities with a purpose to relieve (and in some cases to prevent) poverty can define who can benefit by reference to: their family relationship (that means their descent from one individual); their employment by an employer; their membership of an unincorporated association"*

*('Public benefit: the public benefit requirement' Charity Commission, September 2013)*

At 31 December 2021, there were over 115,000 current Members of the IMechE in over 140 countries around the world. Taken together with partners, widows, widowers, children, relatives and other dependants of such members and/or former members who are also eligible, the number of people eligible for assistance from Support Network is estimated to be in the order of at least 250,000 across the world. In its' guidance concerning charitable purposes ('Charitable Purposes', issued in September 2013 and updated in September 2014) the Charity Commission recognised that generally, the relief of poverty includes its prevention and the prevention of poverty includes its relief:

"...*There can be no absolute definition of what 'poverty' might mean since the problems giving rise to poverty are multi-dimensional and cumulative. It can affect individuals and whole communities. It might be experienced on a long or short-term basis. Poverty can both create, and be created by, adverse social conditions, such* as *poor health and nutrition, and low achievement in education and other areas of human development…The prevention or relief of poverty is not just about giving financial assistance to people who lack money; poverty is a more complex issue that is dependent upon the social and economic circumstances in which it* arises. *The commission recognises that many charities that are concerned with preventing or relieving poverty will do* so *by addressing both the* causes *(prevention) and the consequences (relief) of poverty.*

*"…Not everyone who is in financial hardship is necessarily poor, but it may still be charitable to relieve their financial hardship under the description of purposes relating to 'the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage. In most cases, the commission will treat the relief of poverty and the relief of financial hardship the same. Generally speaking, it is likely to be charitable to relieve either the poverty or the financial hardship of anyone who does not have the resources to provide themselves, either on a short or long-term basis, with the normal things of life which most people take for granted. Examples of ways in which charities might relieve poverty include: grants of money; the provision of items (either outright or on loan) such as furniture, bedding, clothing, food, fuel, heating appliances, washing machines and fridges; payment for services such as essential house decorating, insulation and repairs, laundering, meals on wheels, outings and entertainment, child-minding, telephone line, rates and utilities; the provision of facilities such as the supply of tools or books, payments of fees for instruction, examination or other expenses connected with vocational training, language, literacy, numerical or technical skills, travelling expenses to help the recipients to earn their living, equipment and funds for recreational pursuits or training intended to bring the quality of life of the beneficiaries to a reasonable standard; the provision of money management and debt counselling advice are examples of the ways in which charities might help prevent poverty... "*

*('Charitable Purposes', Charity Commission, September 2013)*

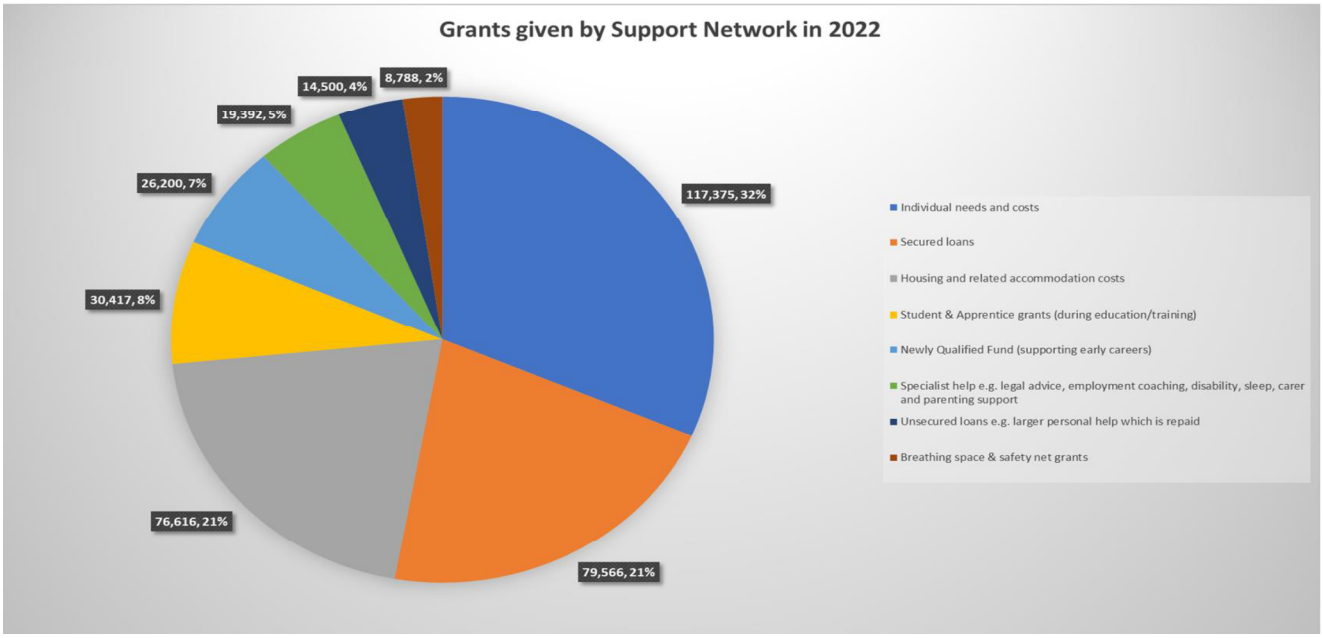
Accordingly, to meet its poverty related objects, Support Network aims to prevent or relieve poverty by providing financial grants and/or non-financial support services to eligible individuals in 'need' due to experiencing difficulties in their lives, such as poor mental health, accidents, ill health, disability, bereavement, unemployment, relationship breakdown, the separation of families, meeting the care needs of others, and/or subsequently returning to employment after attending to any of the same. Thus, in addition to cash grants and interest-free secured loans, Support Network also provides specialist advice, information, guidance, facilitated peer mentoring, employment coaching, counselling, loneliness support, respite breaks, and memberships of autism and dyslexia support groups. At a detailed level this can include:

- Grants to disabled or financially disadvantaged undergraduates, Apprentices, Diploma and other students up to and including those pursuing a PhD, to enable them to complete their studies and thus to become self-sufficient, ideally via careers in mechanical engineering.
- Professional employment coaching support to those who are unemployed, at risk of redundancy, and/or to improve job seeking prospects, including post career-break.
- One-off payments for purpose specific expenditure, e.g. disability equipment.
- Time limited, 'breathing space' grants to address temporary or transitional difficulties.
- Interest-free secured loans to homeowners e.g. to assist with essential works or disability.
- Debt and money advice.
- Themed payments to assist with particular expenditure e.g. Winter Warmth.
- Advice and support from plus and memberships of specialist organisations in respect of

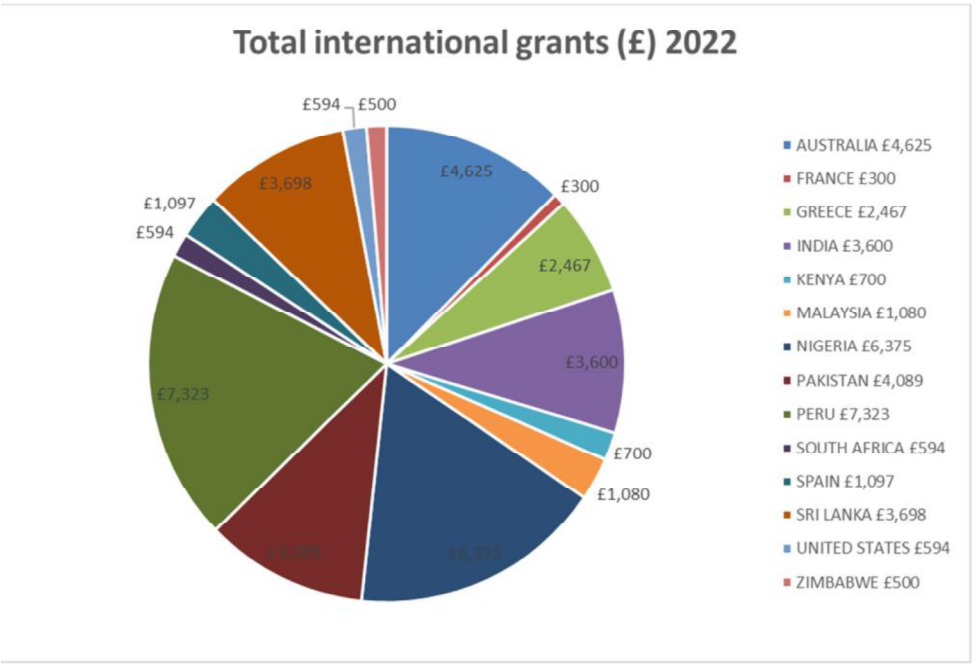
autism, dementia, care and the associated demands of meeting these needs.
- Provision of respite breaks and outings for carers and the cared for, either together or separately.
- A telephone befriending and social visits service to reduce social isolation and loneliness.
- Educational, and/or life enhancing experiences for disabled children, or at times of parental separation/ reduced financial circumstances.
- Contributions towards meeting buildings and contents insurance costs.
- Grants for furniture, bedding, clothing, food, heating appliances, washing machines, fridges etc.
- Fuel grants and energy efficiency advice to ensure that homes are safe and warm.
- Telephone, broadband and online access grants to promote social inclusion.
- Home emergency alert systems and other adaptations to enable independent living.
- Self-access online information guides.
- General and legal advice in respect of everyday, and/or court related problems, ensuring that information needs are readily met and/or potential options for action are identified in a timely manner.
- Contributions to necessary specialist health care not publicly available.
- The provision of equipment for disabled people.
- New baby grants for essential items
- Parenting and grandparenting support helpline and resources

**GRANT DISTRIBUTION IN 2022**

In deciding what assistance to offer, Support Network assesses the needs of each applicant against their individual circumstances, including their social and economic conditions. We recognise that poverty is a relative concept, and what constitutes poverty in an affluent society is very different in absolute terms from poverty in a developing country. In this regard, and especially as much more can be understood from a face to face conversation at the applicant's home, the organisation places considerable weight on the report and recommendations made by the Visitor, recognising that, particularly internationally, those based locally are better able to judge what is an appropriate and reasonable standard for the basic necessities of life. Mental health difficulties are also taken into account, and very often, a series of visits will be required to fully support applicants for whom mental health difficulties are an ongoing issue. Where possible all services are equally available, irrespective of geographical location, e.g. Support Network uses an employment specialist partner that can provide their services on a worldwide basis through the use of digital resources, email and/or online meetings and contact.




| REGION in 2022 | PERCENTAGE OF GRANTS RECEIVED | REGION in 2022 (continued) | PERCENTAGE OF GRANTS RECEIVED |
|---|---|---|---|
| Midland | 20.7 | South Wales | 4.4 |
| Scottish | 11.8 | North Western | 2.6 |
| East Midlands | 10.8 | North Eastern | 2.2 |
| INTERNATIONAL | 10 | Thamesway | 1.9 |
| South Eastern | 8.6 | Wessex | 1.7 |
| Yorkshire | 7.2 | Western | 1.6 |
| Eastern | 5.9 | Northern Ireland | 0.6 |
| Greater London | 5.3 | ***Total*** | **100** |
| Merseyside and N. Wales | 4.7 | - | - |




In seeking to expand the charitable objectives, the Trustees had due regard to the Charity Commission guidance on public benefit and accordingly decided to commence funding projects

which would increase the reach of those assisted to be beyond the defined eligible group of IMechE members and their relatives. As such, the charity can now reach further in undertaking work to meet its objectives, and has continued to make such grants since the first was made in late 2020.

## ACHIEVEMENT AND PERFORMANCE

Projects planned for 2022 were:

**MAINTAIN A FOCUS ON MENTAL HEALTH INITIATIVES:** During the year we wanted to continue to promote positive and/or preventative measures to maintain good mental health and wellbeing. We wanted to notice and be responsive to any issues of stigma /reluctance to reach out for help and to reshape our offerings to assist in delivering support to those in need across a wider range of areas. All of these were achieved. For example, we provided 107 counselling grants, a significant increase on the 69 provided in the previous year. We introduced a range of webinars to address wellbeing and financial self-help measures (e.g. Food for the mind, Understanding anxiety). These have proved to be very popular, both in those who join the live event and those who later access the recording. We observed how some subjects were viewed in much greater numbers after the initial event, (e.g. A guide to disability benefits) suggesting that many preferred to engage in a private way, or at a time of day that was better suited to their needs.

**FURTHER ASSIST WITH ENGINEERING CAREER FUTURES:** We continued to focus on our Student, Apprentice, and Newly Qualified grant programmes, both in the UK and internationally, plus employment training, career break return and mentoring support, and noticed that whilst the numbers of individuals assisted in these areas was fairly similar to that of 2021, the complexity of the applicant's life situations was high, requiring additional ongoing casework.

**EXPAND OUR FOUNDATION GRANT-MAKING:**
Our intention for the year was to build on our 2022 work and experience in this area, by making more grants, ideally across all of our target areas of education, engineering innovation and international development and to see more projects through to completion. All of these were achieved. In financial terms we awarded distributed £101K almost doubling the £57K distributed in 2021. Two of our initial recipients, Global Green Grants and Remap received follow on funding to either continue and/or expand their work into new geographical areas. This in turn enabled Support Network to increase our global reach by making our first foundation awards in Latin America, and also our first to address issues of environmental resilience. Our work with Tarnos School in Kenya saw the completion of a sanitation unit, which was our first funded project, and the expansion into more direct education areas through the funding of the construction of a science classroom.

**ENSURE THAT DIVERSITY & INCLUSION IS AT THE HEART OF ALL THAT WE DO** During the year we recruited four new Trustees, including our next Young Member Trustee. For the first time we have Board members who are engaged in all stages of their career, ranging from undergraduate study, to initial and senior roles, through to retirement. The age profile of the Board is the youngest it has ever been, 4 of the 11 members are female, and two are people of colour. We have increased our communications to the global membership, and offered online contact whenever an in person visit was not possible, thus increasing the peer-to-peer element of our work. The webinar series has enabled us to provide additional preventative and self-help support to increase resilience. Safeguarding was the theme of our annual volunteer training event.

## SERVICE USER FEEDBACK

Service users regularly tell us that our interventions make a positive difference to them and their family. Examples received during 2022 included:

*"…I am so very grateful, thank you for your invaluable support and kind help, support network have helped me to get through the most difficult times of my life, I never wish any human being to experience these…"*

*"Oh my goodness!! You have made me burst into tears ! Wow!! Thank you for your incredible kindness - I am so very moved by this gift of counselling support for my daughter. We never*

*thought that we would be able to get enough help for her, we can really look forward to the future with hope now…"*

*"…I finally have the job that I have been longing for. More importantly I wanted to personally thank you for helping me so much. I can't begin to describe the relief this grant support and coaching has brought me. I genuinely haven't slept so soundly in so long. I look forward to my career and no longer have the weight on my shoulders.."*

*"…I am pleased to inform you that I have now successfully graduated from the University. Thank you so for been always there for me. I'm very grateful to you and the entire Support Network for your support. The student grants that I received over that past couple of years)…"*

## FINANCIAL REVIEW

Support Network has three main sources of income: (a) donations received from IMechE members during the year, with associated Gift Aid receipts where applicable; (b) legacy and in memoriam gift donations; and (c) investment portfolio gains, received as dividend income. (Capital gains are also obtained from the investment portfolio, and where funds are held as 'accumulation units' any receipts are automatically reinvested into the investment holding, rather than drawn as income *per se,* in order for the same to hold long-term value against changes in inflation over time). Support Network has an unrestricted investment fund which is invested to provide a regular and reliable source of income for Support Network. The Trustees are legally bound to promote the best long-term interests of Support Network and to make adequate provision for both present and future beneficiaries. The overall investment policy is to obtain the best financial return from Support Network's assets, consistent with acceptable risk. To achieve this, the given powers of investment will be exercised so that the assets yield the best long-term return by way of both income and capital appreciation, judged in relation to the risks of investment. The portfolio is diversified in respect of asset class, geographical exposure and investment managers.

### 1) Results

The net loss for the year ended 31 December 2022 was £981,596. Expenditure was £772,548. The net surplus for the year ended 31 December 2021 was £3,838,677. Expenditure was £729,425.

### 2) Voluntary income

- Donations, subscriptions and bequests
- Dividends and interest from an investment portfolio

Voluntary income, comprising donations and bequests, were received at a value of £274,694 (2021: £299,030). In 2022, dividends and interest from the investment portfolio amounted to £1,031,983 (2021: £968,508). The Trustees continue to have a preferred strategy of largely holding Support Network's equity-based investments in accumulation units, (rather than drawing an income stream from the same), in order to offset any losses in capital value, and hence to help to preserve funds for the future, save for the COIF Charifund holding where at times the dividend was drawn in order to provide greater operational income during the financial year. The Trustees again decided the strategy of meeting any final operational deficit at the year end through drawing from the reserves, rather than limiting grant or service provision expenditure in year. From the total expenditure 99% was spent on charitable activities (99% in 2021). This included charitable grants of £409,755 (2021: £364,074).

## 3) Investment Portfolio

The allocation of Support Network's investment portfolio at the close of 2022 was:

| VALUE | ASSET | INVESTMENT | BENCHMARK |
|---|---|---|---|
| 30% | Equities | M&G Charifund | FTSE All Share Index |
| 39.5% | Equities | M&G Global Dividend Fund | FTSE All Share Index |
| 12% | Equities | Fidelity Institutional Funds | FTSE All Share Index |
| 9.2% | Multi Asset | Cazenove Charity Multi Asset Fund | FTSE All Share Index |
| 6% | Property | Charities Property Fund | HSBC PUT Index |
| 3.2% | Equities | COIF Investment Fund | FTSE All Share Index |
| 0.1% | Cash | COIF Deposit Fund | London Interbank Rate |
| 0% | Bonds | COIF Fixed Interest Fund | WM Co. UK Bonds |

We do not have any control over how the JP Dudin Trust is invested, though we receive dividends from it, so it is not shown in the investment portfolio above.

Given the low interest rates now offered on cash deposits, the amount held in the COIF Deposit Fund has been maintained at a low level.

## 4) Social, environmental or ethical constraints

In the annual review of investment policy for the charity, the Trustees considered whether there should be any social, environmental or ethical considerations to impose constraints on how Support Network should invest, and commenced work to create a screened ESG (environmental, sustainable, governance) focussed approach. With many of the Institution's members working in industries commonly attributed to low ESG scoring, the Trustee Board has taken great consideration as to whether any industries should be wholly excluded from the investment portfolio. Following a poll undertaken in November 2022, the Trustee Board has committed to understand its exposure to and commence exclusion of investments from the portfolio in the following areas:

- gambling operations
- pornography & violent material
- tobacco production
- oppressive regimes
- animal testing
- high interest lending
- alcohol production
- parties without an anti-slave labour policy

Realignment across these areas commenced in February 2023 as part of the 5 year cyclical review of the organisation's investments, working towards complete removal by the end of 2024.

## 5) Reserves Policy and Designated Fund

Support Network is a 'closed' charity in that it does not actively seek funding from outside the membership of the Institution of Mechanical Engineers. Each year, a significant proportion of the charity's income is derived from annual and irregular donations, and bequests. Legacy

income, however, is very uncertain, as are the levels of donations *per se,* and it cannot be guaranteed that voluntary donation levels will be repeated (or increased) year on year. The reserves policy of the organisation (see chart below) is intended to safeguard several items, including needs in the immediate, short-term and longer term time periods. As such, £1,000,000-£2,000,000 is held to meet ongoing grant and organisation running costs for up to a year ahead of the financial year that the organisation is ever in. A further £8,000,000 is held to cover any unanticipated run in demand that the Trustees wish to meet, e.g. a significant downturn in a sector of the mechanical engineering industry at a future date. Together this £10,000,000 forms a designated fund to meet these potential short-term requirements.

A further £20,000,000-£25,000,000 of reserves are held for investment generation and capital growth to ensure that the organisation remains financially viable. These reserves are not drawn down for use but are retained, in order to hold a baseline of capital value and thereby protect future operations and grant giving ability. Therefore, the reserves policy is to hold reserves in the range of £29,000,000-£35,000,000.

| **RESERVE PURPOSE** | **RESERVE AMOUNT** |
|---|---|
| Meet needs of immediate 12-24 months ahead | £1,000,000-£2,000,000 |
| Meet unexpected run in demand over extended short-term | £8,000,000 |
| Generate income and capital growth for in perpetuity | £20,000,000-£25,000,000 |
| **IMMEDIATE – LONGER TERM REQUIREMENTS RANGE:** | **£29,000,000-£35,000,000** |

The investment strategy is therefore geared for enabling funds to be available in perpetuity, and thus supports the reserves policy. The reserves policy is reviewed annually, taking into account the latest forecasts of income, expenditure and changes in grant making policy. The reserves target has been met for 2022, with free reserves totalling £34,005,080 at 31/12/22 (2021: £34,986,676).

### 6) Grant Making Policy

All grants made in 2022 were for the benefit of individuals, save for the foundation funding grants that are detailed below. In 2022, 228 members contacted us for the first time (2021: 275), their requests including help with finances, employment coaching, dyslexia support, social visits or legal advice. During the year 825 grant payments were made (2021: 751). The majority of grants and support decisions were either determined/confirmed by the Grants Committee, (which met twice during the year); through the remote decision making panels; or were initially made by the staff team, and subsequently authorised by a designated Trustee through the Office Decisions process. All proposed Office Decisions were made available on a password restricted basis to Trustees via the Extranet, to allow Trustees to see whether they agreed with the decisions made by the staff. Where the Chair, CEO or the Operations Manager made grant funding decisions, these were made within the agreed delegated limits of both value and type of award, and were reported to the subsequent Grant Committee meeting.

Considerable care is taken to ensure that applicants are able to apply for all welfare benefits, state support and/or other third party assistance that they might be entitled to, before charitable grants are made. Support Network aims to make a positive impact and difference on the lives of people who are assisted, and accordingly at the outset of providing support, the avoidance of creating long-term dependency is paramount, so that wherever possible, people are helped to help themselves.

Examples of grants awarded included: allowances towards fuel and utility costs; travelling expenses for visiting people in hospital or nursing care; television licence fees; telephone calls;

computer equipment, broadband and wifi access; crisis payments to relieve sudden unanticipated financial needs; replacement items such as washing machines, cookers, fridges, heating appliances; health and medical equipment; powered mobility vehicles; essential house repairs and insulation; adaptations to the homes of disabled people; gardening costs for older people; care help at home; personal emergency alarms; arrangements for respite care and the costs of respite breaks; and assistance towards residential and care home care costs.
A separate programme of grants is available for disabled or disadvantaged Apprentices, undergraduates, and other students who are IMechE members, irrespective of where in the world they live or study. A 'Newly Qualified' fund is available for IMechE members in the first three who have completed their studies or training in the immediate past three years, which seeks to ease the transition into the world of work.

The foundation funding element of our work is divided into the areas of international development; education; and engineering innovation. We want our work in these areas to ideally have a STEM (science, engineering, technology, mathematics) focus and to also align with the work of the IMechE. We additionally frame these areas within the UN Sustainable Development Goals. Whilst we have a preference for making award to or through UK based charitable organisations (as we feel that in the initial stages of our entering this work this is a close 'fit' for undertaking our due diligence process) this is not a fixed requirement, especially where we feel that the ultimate outcomes and impact of the funded work will help us to meet our expanded charitable objectives in respect of using engineering to relieve poverty.

### 7) Pension Funds

All current Support Network staff are enrolled in the IMechE's contribution based pension scheme which is operated by Scottish Widows plc. During 2022, the employer rate was 10% (2021: 10%). The company used to operate a defined benefit scheme which is now closed. As prescribed by FRS 102, the funding level of the defined benefit pension fund must be disclosed. After an actuarial report carried out for the IMechE consolidated accounts to 31st December 2022, the pension fund was 101% funded.

### Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Trustees 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 charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Trustees 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 charitable company will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for

taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

Each of the persons who is a Trustee at the date of approval of this report confirms that:

- So far as each Trustee is aware, there is no relevant audit information of which the company's auditor is unaware; and
- Each Trustee has taken all steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The trustees have taken advantage of the small companies exemption in preparing the trustees' annual report and the financial statements.

## PLANS FOR FUTURE PERIODS

During 2023 Support Network plans to continue our core work whilst responding to additional needs and challenges faced by members and their families. As such we will work to:

**MAINTAIN A FOCUS ON MENTAL HEALTH INITIATIVES:** Continue to promote and provide positive and/or preventative measures to maintain good mental health and wellbeing, especially in respect of the cost of living crisis, and be responsive to the stigma felt by potential applicants and reshape our offerings to assist in delivering support to those in need. Further expand current offering to address issues relating to loneliness; poor nutrition; counselling needs; relationship breakdown; parenting support; gambling; substance abuse; and anxiety.

**ASSIST WITH ENGINEERING CAREER FUTURES:** Continue to focus on our Student, Apprentice, and Newly Qualified grant programmes, both in the UK and internationally, plus employment training, career break return and mentoring support, with a core response to members at risk of/experiencing redundancy to enable them to enter, re-enter or remain in engineering or related paths. Work in partnership with the IMechE/others to support programmes that enable STEM focussed work experience programmes and/or remove barriers to entering the mechanical engineering profession as part of our diversity and inclusion work.

**FOUNDATION GRANT-MAKING:** Build on our 2022 work and experience in this area, to make more grants during 2023, and ensure that each of the strands of education, engineering innovation and international development is supported, and also as defined through the Sustainable Development Goals (SDGs) and framework of the climate crisis.

**ADOPT ESG PRINCIPLES TO OUR INVESTMENT PORTFOLIO (environment, social, governance):** During 2023 we will undertake our 5 year review of our investment holdings and use the same to start to implement our revised investment strategy which incorporates a greater focus on investing within our decided ESG principles to further align our investments with our mission.

**PLACE DIVERSITY & INCLUSION AT THE HEART OF ALL THAT WE DO:** Increase our international reach to individual IMechE members in respect of services, grants, volunteering and Trustee opportunities through adapting our processes to remove barriers to engagement with us e.g. establishing digital working as our effective norm. Continue to undertake an holistic approach to casework ensuring that additional issues such as disability, carer responsibilities, physical or mental health issues; possible discrimination at work are identified - even when these are not the presenting problem – and increase our effective responses to the same.

## IN APPRECIATION

The Trustees would like to convey their sincere thanks to the many volunteers who have so generously given their time in assisting Support Network, and especially for their continued adaptability and commitment during the extended periods of lockdown and enforced online 'visiting'. They would also like to express their thanks to the staff, who have continued to work

effectively throughout the year, adapting to working from home and being away from colleagues. The combined team of staff and volunteers make it possible to continue the charity's essential work of relieving poverty whilst minimising administrative overheads. Gratitude is also expressed to IMechE colleagues for their support and assistance throughout the year. With the continued contribution of this combined team, Support Network looks forward with confidence to enhancing the lives of IMechE members and their dependents who find themselves in need of assistance, and additionally to extending and expanding our foundation funding work and associated impact.

**This report was approved by the Trustees on** 22 **September 2023 and signed on their behalf by:**

B Dagley
B Dagley (Sep 22, 2023 14:29 GMT+1)

Bruce Dagley, Chair

Andrew Rowland (Sep 26, 2023 08:18 GMT+1)

Andrew Rowland, Treasurer

## Reference and Administrative Information

Name: The Benevolent Fund of the Institution of Mechanical Engineers **(Support Network)**
Charity Reg. No.209465 Company Reg. No.130981 Registered Office: 3 Birdcage Walk, London SW1H 9JJ

| ROLE | NAME | COMMITTEES | 2022 TB MEETINGS ATTENDED | NOTES |
|---|---|---|---|---|
| Chair | Bruce Dagley | 1,2,3,6 | 4 | |
| Deputy Chair | Anne Woodbridge | 1,2,6 | 2 | Retired July 2022 |
| Deputy Chair | Christian Young | 1,3, 7 | 2 | Retired July 2022 |
| Treasurer | Andrew Rowland | 1,3 | 3 | |
| Trustee | Chirantan Shukla | 1,3,11 | 1 | Retired Jan 2022 |
| Trustee | Farah Baksh | 1,5,6 | 4 | |
| Trustee | John Cornforth | 1,2,6,8 | 3 | |
| Trustee | Tony Frater | 1,7 | 3 | |
| International Trustee | Chukwuma Onunkwo | 1,7,11 | 4 | |
| Trustee | Elisabeth Wilson | 1,10 | 1 | |
| Trustee | Christine Clark | 1,3,8 | 2 | Retired July 2022 |
| Trustee | Chris Taylor | 1,2,7 | 2 | Retired July 2022 |
| Trustee | Al Peasland | 1,3,8 | 2 | Co-opted Jan 2022 |
| Trustee | Jodie Howlett | 1,6 | 2 | Elected July 2022 |
| Young Member Trustee | Harshitha Manjula Rajappa | 1,7 | 2 | Elected July 2022 |
| Visitor Trustee | David Price | 1,2 | 1 | Co-opted Oct 2022 |
| CEO & Co. Sec. | Anni Broadhead | 1,2,3,4,5,9 | 4 | |

### Key to Committees

1 Member of the Grants Committee
2 Member of the Personnel Committee
3 Member of the Finance Committee
4 Co-lead on Communications and IMechE relationship
5 Co-representative on IMechE Diversity & Inclusion Board
6 Member of the New Application Panel
7 Member of the Student & Apprenticeship Panel
8 Office Decision Trustee
9 Lead on General Data Protection Regulations
10 Lead on Foundation Funding
11 IMechE Reduced Subscriptions panel representative

### Key Management Personnel

The Trustees have delegated significant authority and responsibility in the day-to-day running of the charity to the Chief Executive, Anni Broadhead.

**Investment Managers:**
Cazenove Schroder & Co. Limited, 31 Gresham Street, London EC2V 7QA
CCLA Investment Management Limited, 80 Cheapside, London EC2V 6DZ
Cordea Savills LLP, 33 Margaret Street, London W1G 0JD
Fidelity International, 130 Tonbridge Road, Tonbridge, Kent, TN11 9DZ
M&G Ltd, Laurence Pountney Hill, London EC4R 0HH

**Bankers:** NatWest Bank plc, 38 Strand, London WC2N 5JB
**Auditors:** Moore Kingston Smith LLP, 6th Floor, 9 Appold Street, London EC2A 2AP
**Solicitors:** Bircham Dyson Bell, 50 Broadway, London SW1H OBL
**Accountant:** Teresa Szczotka

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

### Opinion

We have audited the financial statements of The Benevolent Fund of the Institution of Mechanical Engineers ('the company') for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 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 charitable company'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 trustees are responsible for the other information contained within the annual report. 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.

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 course of 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 themselves. 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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report have 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' annual report and from preparing a strategic report.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 12, 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 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 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**

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain

audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.

- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.

- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

**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 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP.

Jonathan Aikens (Senior Statutory Auditor)

For and on behalf of Moore Kingston Smith LLP, Statutory Auditor

6th Floor
9 Appold Street
London
EC2A 2AP

26 September 2023

## The Benevolent Fund of the Institution of Mechanical Engineers

## Statement of Financial Activities
## For the year ended 31 December 2022

| | Notes | Total (Unrestricted) General Funds 2022 | Total (Unrestricted) Designated Funds 2022 | Total (Unrestricted) Funds 2022 | Total (Unrestricted) Funds 2021 |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Income and Endowments from:** | | | | | |
| ***Donations and Legacies*** | | | | | |
| Donations, bequests | 1 | 274,694 | - | 274,694 | 299,030 |
| ***Investments*** | | | | | |
| Interest & dividends | 2 | 1,031,983 | - | 1,031,983 | 968,508 |
| **Total** | | 1,306,677 | - | 1,306,677 | 1,267,538 |
| **Expenditure on:** | | | | | |
| Raising funds | | 8,238 | - | 8,238 | 7,799 |
| Charitable activities | 3 | 764,310 | - | 764,310 | 721,626 |
| **Total** | | 772,548 | - | 772,548 | 729,425 |
| Net gains / (losses) on investment assets | 9 | (1,515,725) | - | (1,515,725) | 3,300,564 |
| ***Net income / (expenditure) and net movement in funds*** | | (981,596) | - | (981,596) | 3,838,677 |
| **Reconciliation of funds:** | | | | | |
| Total funds brought forward | 14 | 26,986,676 | 8,000,000 | 34,986,676 | 31,147,999 |
| **Total funds carried forward** | 14 | 26,005,080 | 8,000,000 | 34,005,080 | 34,986,676 |

All income and expenses derive from continuing operations and relate to general funds.

The notes numbered 1 to 21 form part of these accounts.

# The Benevolent Fund of the Institution of Mechanical Engineers

## Balance Sheet
## As at 31 December 2022

| | Notes | Total Funds 2022 £ | Total Funds 2021 £ |
|---|---|---|---|
| **Fixed Assets** | | | |
| Tangible assets | 8 | - | - |
| Investments:- | | | |
| Stock Market Investments | 9 | 32,766,521 | 33,825,841 |
| *Total fixed assets* | | 32,766,521 | 33,825,841 |
| **Current Assets** | | | |
| Debtors | 12 | 42,348 | 39,203 |
| Cash at bank and in hand | 11 | 141,749 | 81,818 |
| Loans (due after more than one year) | 10 | 1,176,331 | 1,110,548 |
| *Total assets* | | 1,360,428 | 1,231,569 |
| **Liabilities** | | | |
| Creditors: - amounts falling due within one year | 13 | 121,869 | 70,735 |
| | | 121,869 | 70,735 |
| ***Net current assets*** | | 1,238,559 | 1,160,834 |
| ***Total assets less current liabilities*** | | 34,005,080 | 34,986,675 |
| **The funds of the charity:** | | | |
| Unrestricted funds | | 26,005,080 | 26,986,676 |
| Designated funds | | 8,000,000 | 8,000,000 |
| | | 34,005,080 | 34,986,676 |

.

These financial statements were approved by the Trustee Board on 22 September 2023 and signed on its behalf by:-

B Dagley

B Dagley (Sep 22, 2023 14:29 GMT+1)

Bruce Dagley, Chair

Andrew Rowland (Sep 26, 2023 08:18 GMT+1)

Andrew Rowland, Treasurer.

Members of the Trustee Board

The notes numbered 1 to 21 form part of these accounts.

Company Number 130981

# The Benevolent Fund of the Institution of Mechanical Engineers

## Statement of Cash Flows
## For the year ended 31 December 2022

| | Notes | 2022 | 2021 |
|---|---|---|---|
| | | £ | £ |
| **Cash flows from operating activities:** | | | |
| *Net cash used in operating activities* | | (515,648) | (582,451) |
| **Cash flows from investing activities:** | | | |
| Dividends and interest from investments | | 478,613 | 715,493 |
| Bank interest received | | 164 | 10 |
| Purchase of investments | | (150,000) | (100,000) |
| Disposal proceeds | | 100,000 | - |
| Change in cash held by investment manager | 11 | 148,802 | (35,010) |
| **Net cash provided by investing activities** | | 575,742 | 580,493 |
| *Change in cash and cash equivalents in the reporting period.* | | 59,931 | (1,958) |
| *Cash and cash equivalents at the beginning of the reporting period* | | 81,818 | 83,776 |
| *Cash and cash equivalents at the end of the reporting period* | | 141,749 | 81,818 |

**Net (expenditure)/income for the period**

| | £ | £ |
|---|---|---|
| **Net income for the reporting period** | (981,596) | 3,838,677 |
| Adjustments for: | | |
| Dividends, interest from investments | (1,031,819) | (968,508) |
| Bank interest received | (164) | 0 |
| Depreciation charges | - | 1,321 |
| Decrease / (increase) in debtors | (68,928) | (91,540) |
| Increase / (decrease) in creditors | 51,134 | (61,837) |
| Gains / (losses) on investments | 1,515,725 | (3,300,564) |
| **Net Cash used in operating activities** | (515,648) | (582,451) |

| **Net Debt Note** | **At 01/01/22** **£** | **Cashflows** **£** | **Non-cash** **£** | **At 31/12/22** **£** |
|---|---|---|---|---|
| Cash | 81,818 | 59,931 | - | 141,749 |
| | 81,818 | 59,931 | 0 | 141,749 |

# Accounting Policies
# For the year ended 31 December 2022

## ACCOUNTING POLICIES

The Charity is a company limited by guarantee (Charity Reg. No 209465, Company Reg. No 130981), which is incorporated and domiciled in the UK and is a public benefit entity. The address of the registered office is: 3 Birdcage Walk, London SW1H 9JJ.

A Summary of the accounting policies which have been applied consistently is set out below.

### a) BASIS OF ACCOUNTING

The accounts (financial statements) have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS102 the Financial Reporting Standard, including Update Bulletin 2, applicable in the UK and Republic of Ireland, the Companies Act 2006, and the UK Generally Accepted Practice as it applies from 1 January 2015. The accounts comply with applicable charity and company law in England and Wales.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound. The financial statements have been prepared on the historical cost convention, modified to incorporate the revaluation of investments.

### b) GOING CONCERN

The financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that would result from the company not being able to continue for the next 12 months. There are no material uncertainties about the company's ability to continue as a going concern. The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the entity to continue as a going concern. The trustees has considered the impact of COVID-19 on the investment portfolio and investment income generation to be short term. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. The trustees conclude there is a reasonable expectation that the Fund has adequate resources and unrestricted reserves/cash balances to continue in operational assistance for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

### c) FUND ACCOUNTING

The financial statements make reference to Total Funds. These funds are unrestricted and therefore can be drawn on when required.

Trustees may designate and set aside unrestricted funds for specific purposes.

### d) FINANCIAL ASSETS

The Charity has elected to apply the provisions of Section 11 "Basic financial instruments" of FRS102 to all of its financial instruments. Financial assets are recognised in the company's statement of financial position when the Charity becomes party to the contractual provisions of the Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

**d) FINANCIAL ASSETS (continued)**

**Loan and receivables**

Life-time interest free loans are made to approved beneficiaries which are repayable only from the estate of the beneficiary or, in the case of joint loans, from the estate of the second surviving partner. These are accounted for at cost.

**Impairment of financial assets**

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

**e) FINANCIAL LIABILITIES**

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

**f) INVESTMENTS**

Investments are stated at fair value at the balance sheet date. The statement of Financial Activities includes the net gains and losses on revaluation and disposals of investment funds throughout the year.

**g) TANGIBLE FIXED ASSETS**

Tangible fixed assets are stated at cost (a capitalisation limit is in place of £1,000) less depreciation calculated at rates intended to write off their cost less estimated residual value over the period of their estimated useful lives at the following rates:

| | |
|---|---|
| Furniture | 20% per annum on written down value |
| Equipment | 33% per annum on cost |

**h) EXPENDITURE**

Expenditure is accounted for on an accruals basis inclusive of any VAT which cannot be recovered. Expenditure is recognised once there is legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and can be measured reliably. Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure. Support costs are allocated between the categories of expenditure depending on their nature.

# Accounting Policies
# For the year ended 31 December 2022

**i) INCOME**

Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and likelihood of receipt is probable. Bank interest is accounted for in the period for which the charity is entitled to receipt.

Legacies are recognised when all the criteria have been met; entitlement when probate has been granted and the executor(s) of the estate have established that there are sufficient assets in the estate, after settling liabilities to pay legacy income; the value is reliably measured and the likelihood of receiving the legacy is probable.

**j) POST-RETIREMENT BENEFITS**

The charitable company has associated member status in the pension scheme operated by the Institution of Mechanical Engineers which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the charitable company. The charitable company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period. This scheme is closed to new entrants. All new staff are enrolled in a defined benefit scheme with contributions charged to the Statement of Financial Activities as incurred.

**k) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements, nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

## Notes to the Accounts
## For the year ended 31 December 2022

1 **Income**

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Donations & Gift Aid Reclaim | 266,356 | 296,808 |
| Donations in Kind | 6,595 | - |
| JP Dudin Bequest | 1,743 | 2,222 |
| | 274,694 | 299,030 |

2 **Investment Income**

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Dividends & loan stock interest - UK investments | 1,031,819 | 968,498 |
| Bank Interest | 164 | 10 |
| | 1,031,983 | 968,508 |

3 **Charitable Activities**

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Grants for the relief of poverty | 308,651 | 307,024 |
| Foundation grants | 101,104 | 57,050 |
| Allocation from support costs (note 4) | 354,555 | 351,552 |
| | 764,310 | 715,626 |

All grants for the relief of poverty were made to individuals. During the year there were 168 beneficiaries (2021: 201).

| **Analysis of Grants** | **Grants to institutions** | **Grants to Individuals** | **Support Costs** | **Total** |
|---|---|---|---|---|
| | **£** | **£** | **£** | **£** |
| Grants for the relief of poverty | - | 308,651 | 267,071 | 575,722 |
| Foundation grant: Ecologia | 56,039 | - | 48,490 | 104,529 |
| Foundation Grants:Global Greengrants | 30,000 | | 25,959 | 55,959 |
| Foundation grant: Rapid Foundation | 65 | - | 56 | 121 |
| Foundation grant: Remap | 15,000 | - | 12,979 | 27,979 |
| Total | 101,104 | 308,651 | 354,555 | 764,310 |

4 **Support Cost**

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Training Volunteers | 7,783 | 2,188 |
| Staff Costs | 265,424 | 238,746 |
| Grants committee expenses | 65 | 23 |
| Visiting beneficiaries | 1,879 | 915 |
| Publications | 1,031 | 1,044 |
| Printing & Stationery | 1,523 | 1,734 |
| Postage & telephone | 1,805 | 2,663 |
| Communications & database Depreciation | 19,308 | 29,261 |
| Extranet for use by Volunteers | - | 1,585 |
| Accommodation charges | 1,492 | 204 |
| Accounting & Computer Services | 8,693 | 25,806 |
| Travel & subsistence | 16,054 | 25,524 |
| Bank charges | 565 | 362 |
| Subscriptions to professional bodies | 1,301 | 1,375 |
| Sundry | 2,729 | 2,020 |
| Homeworking costs | 464 | 1,899 |
| Allocation from governance costs (note 5) | 513 | - |
| | 23,926 | 16,173 |
| | 354,555 | 351,522 |

## Notes to the Accounts
## For the year ended 31 December 2022

| 5 | **Other: governance costs** | **2022** | **2021** |
|---|---|---|---|
| | | £ | £ |
| | Audit fee (current year inc VAT) | 12,242 | 13,166 |
| | Committee expenses | 10,945 | 3,193 |
| | Compliance costs & insurance | 739 | 2,780 |
| | | 23,926 | 19,139 |

No payments have been made to the auditor or their associates in respect of non-audit work during the year.

| 6 | **Staff** | **2022** | **2021** |
|---|---|---|---|
| | Staff costs comprise:- | £ | £ |
| | Salaries and other emoluments | 212,644 | 208,649 |
| | Social security costs | 22,026 | 20,014 |
| | Other pension costs | 23,228 | 21,750 |
| | HR & payroll support | 4,536 | - |
| | Training staff | 2,562 | 2,650 |
| | Tax on staff taxable benefits | 428 | - |
| | | 265,424 | 253,063 |

Those earning over £60,000 in the year are:

| | **2022** | **2021** |
|---|---|---|
| £70,001 to £80,000 | 1 | 1 |

Key management personnel consist of the chief executive.The total amounts paid in respect of key management personnel in 2022**: £**87,050 (2021: £82,158 ) and pension contribution of these high paid

The average number of persons employed by the entity under contracts of service was 4 (2021: 4)

| 7 | **Trustee Board** | **2022** | **2021** |
|---|---|---|---|
| | | £ | £ |
| | Travel and subsistence expenses paid | 10,945 | 3,193 |
| | | No. | No. |
| | Number of members who claimed | 9 | 6 |

No member of the Committee received any remuneration in respect of services to the Fund for the year.

| 8 | **Fixed Assets - Furniture and Office Equipment** | **2022** | **2021** |
|---|---|---|---|
| | Cost | £ | £ |
| | At 1 January | 43,052 | 43,052 |
| | Additions | - | - |
| | At 31 December | 43,052 | 43,052 |
| | Depreciation | | |
| | At 1 January | 43,052 | 41,730 |
| | Amount provided | - | 1,322 |
| | At 31 December | 43,052 | 43,052 |
| | Net Book Value at 31 December 2022 and 31 December 2021 | - | - |

# Notes to the Accounts
# For the year ended 31 December 2022

## 9 Investments (at market value)

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| M&G Chari Fund Accumulation Units | 9,876,774 | 10,125,682 |
| M&G Global Dividend Fund Accumulation Units | 12,982,120 | 12,407,051 |
| Fidelity Fund Shares | 3,956,242 | 4,602,757 |
| Cazenove Charity Multi Asset Fund Income Units | 2,970,531 | 3,316,281 |
| Charity Property Fund Income Units | 1,987,555 | 2,157,386 |
| CCLA COIF Charities Investment Fund Income Units | 964,547 | 1,039,130 |
| Total | 32,737,769 | 33,648,287 |

All investments are listed UK securities.

| Movements of investments | 2022 Capital £ | 2021 Capital £ |
|---|---|---|
| Market value at 1 January | 33,648,287 | 29,994,718 |
| Purchases and accumulations | 705,207 | 353,005 |
| Disposal proceeds | (100,000) | - |
| Net investment gain/(loss) | (1,515,725) | 3,300,564 |
| | 32,737,769 | 33,648,287 |
| Cash with investment manager | 28,752 | 177,554 |
| Market value at 31 December | 32,766,521 | 33,825,841 |
| | | |
| Historic costs at 31 December | 20,359,192 | 19,753,985 |
| Unrealised investment gains at 31 December | 12,407,329 | 14,071,856 |

## 10 Loans

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Brought forward 1st January | 1,110,548 | 1,003,277 |
| Additions | 92,973 | 158,439 |
| Repayments | (27,190) | (51,168) |
| Carried forward 31st December | 1,176,331 | 1,110,548 |

These loans are interest free and are repayable to the Benevolent Fund from the estate of the beneficiaries in more than one year. The amount of provided unsecured loans in 2022 was £90,236 (2021: £82,236).

## 11 Analysis of Changes in Cash

| | 2022 | Cash flow | 2021 |
|---|---|---|---|
| | £ | £ | £ |
| Cash at bank and in hand | 141,749 | 59,931 | 81,818 |
| Cash with investment manager - see note 9 | 28,752 | (148,802) | 177,554 |
| | 170,501 | (88,871) | 259,372 |

## 12 Other Debtors

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Amounts due from the Institution of Mechanical Engineers | 9,879 | 7,889 |
| Other debtors | 32,469 | 31,314 |
| | 42,348 | 39,203 |

# Notes to the Accounts
# For the year ended 31 December 2022

## 13 Creditors

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Amounts due to the Institution of Mechanical Engineers | 102,386 | 55,547 |
| Audit fees | 12,000 | 11,500 |
| Accruals | 7,483 | 3,688 |
| | 121,869 | 70,735 |

## 14 Analysis of Funds at 31 December 2022

| | 1 January 2022 | Income | Expenditure | Gains / losses | 31 December 2002 |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Unrestricted** | | | | | |
| *Designated Funds* | 8,000,000 | | | - | 8,000,000 |
| *Untrestricted Funds* | 26,986,676 | 1,306,677 | (772,548) | (1,515,725) | 28,005,080 |
| **Total funds** | 34,986,676 | 1,306,677 | (772,548) | (1,515,725) | 34,005,080 |

## 15 Financial Commitments

The Trustee Board has given outline approval to help certain beneficiaries during the coming year. Because actual circumstances will vary, it is not possible to accurately quantify the amount at this time but the level is not expected to be material.

## 16 Pensions

All current employees participate in the Institution of Mechanical Engineers contribution based pension scheme. In 2022 the Institution matched employee contributions to this plan up to a maximum of 10% of salary (2021: 10%).

The Benevolent Fund has associated member status in the defined benefit pension scheme operated by the Institution of Mechanical Engineers, which is now closed to new members. The latest full actuarial valuation was carried out at 1 December 2015 and updated to 31 December 2019 by a qualified independent company of actuaries, and can be found in the consolidated accounts of the Institution. As prescribed by FRS102, the funding level of the pension fund must be disclosed; after an actuarial report carried out for the Institution of Mechanical Engineers consolidated accounts to 31 December 2022, the pension fund was 100% funded (2021 100%).

The Benevolent Fund is therefore exposed to actuarial risks associated with the scheme operated by the Institution of Mechanical Engineersand and is unable it identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents contributions payable to the scheme in respect of the accounting period. The Benevolent Fund has entered into an agreement whereby the Fund recognises a liability for contributions payable that arise from the agreement ("Deficit Recoverable Plan") to the extent that they relate to the deficit and resulting expense in the income and expenditure account. As at 31 December 2022 no such "Deficit Recoverable Plan" was in place and as a result no liability has been recognised in these financial statements relating to this.

## Notes to the Accounts
## For the year ended 31 December 2022

### 17 Taxation

The Benevolent Fund is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### 18 Ultimate parent

In the opinion of the trustees there is no controlling party.

### 19 Related Party Transactions

There were no related party transactions in both 2022 and 2021, other than trustees' travelling and subsistence expenses reported in Note 7.

### 20 Operating Lease Commitments

| | 2022 | 2021 |
|---|---|---|
| **Land and Buildings** | | |
| Payments in less than one year | 16,712 | 22,712 |
| Payments in one to five years | - | 10,410 |
| | **16,712** | 33,122 |

### 21 Company Limited by Guarantee

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

# Final 2022 accounts

Final Audit Report 2023-09-26

| | |
|---|---|
| Created: | 2023-09-22 |
| By: | Andrew Dodsworth (andrew.dodsworth@imeche.org) |
| Status: | Signed |
| Transaction ID: | CBJCHBCAABAAgJjTjaDj8k2EzMIvSRD5tqvfewN74WOU |

## "Final 2022 accounts" History

Document created by Andrew Dodsworth (andrew.dodsworth@imeche.org)
2023-09-22 - 9:45:41 AM GMT- IP address: 167.98.77.19

Document emailed to bruce.da@snimeche.org for signature
2023-09-22 - 9:48:58 AM GMT

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Signer bruce.da@snimeche.org entered name at signing as B Dagley
2023-09-22 - 1:29:04 PM GMT- IP address: 151.231.102.196

Document e-signed by B Dagley (bruce.da@snimeche.org)
Signature Date: 2023-09-22 - 1:29:06 PM GMT - Time Source: server- IP address: 151.231.102.196

Document emailed to andrew.rowland1981@googlemail.com for signature
2023-09-22 - 1:29:08 PM GMT

Email viewed by andrew.rowland1981@googlemail.com
2023-09-26 - 7:12:05 AM GMT- IP address: 66.249.93.13

Signer andrew.rowland1981@googlemail.com entered name at signing as Andrew Rowland
2023-09-26 - 7:18:05 AM GMT- IP address: 148.252.133.113

Document e-signed by Andrew Rowland (andrew.rowland1981@googlemail.com)
Signature Date: 2023-09-26 - 7:18:07 AM GMT - Time Source: server- IP address: 148.252.133.113

Agreement completed.
2023-09-26 - 7:18:07 AM GMT

THE BENEVOLENT FUND OF THE INSTITUTION OF MECHANICAL ENGINEERS

England & Wales - Charity number 209465

# Accounts

# The Benevolent Fund of the Institution of Mechanical Engineers

Annual Report and Accounts For the year to 31 December 2021

Annual Report and Accounts For
the year to 31 December 2021

Company Registered in England No.130981
Registered Charity No: 209465

**The Benevolent Fund of the Institution of Mechanical Engineers**
**Report of the Trustees**
**For the year ended 31 December 2021**


| | |
|---|---|
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## INTRODUCTION

The Trustees are pleased to submit their annual report which incorporates the Director's Report and accounts for the year ended 31 December 2021. In preparing this report the Trustees have complied with the Charities Act 2011, the Companies Act 2006, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in UK and Republic of Ireland (FRS102), and the company's Articles of Association governing document.

## REFERENCE AND ADMINISTRATIVE DETAILS

The Benevolent Fund of The Institution of Mechanical Engineers (also known as, and now operating under, the working title of 'Support Network') was founded in 1913 and is registered with the Charity Commission for England and Wales as charity number 209465. Support Network is also a Company Limited by Guarantee; and is registered with Companies House as company number 130981. The Trustees, Officers and professional advisers of the charity are listed on page 15 of this report. Support Network operates throughout the United Kingdom and internationally, wherever there are members (or former members) of the Institution of Mechanical Engineers (IMechE). Although close ties exist between Support Network and the IMechE, it should be noted that they are separate and distinct registered charities and companies, with different objectives, funds and management structures.

## STRUCTURE, GOVERNANCE AND MANAGEMENT OF THE CHARITY

Support Network is a charitable company limited by guarantee, established under a Memorandum of Association, now revised as Articles of Association (January 2020) which sets out the objects and powers of the charitable company and all governance provisions relating to the same. A copy of the current version of the Articles of Association are filed with both the Charity Commission for England and Wales and at Companies House. The Directors of the company are also charity Trustees for the purposes of charity law. The governing body of Support Network is the Trustee Board, and the Trustees are jointly responsible for its governance.

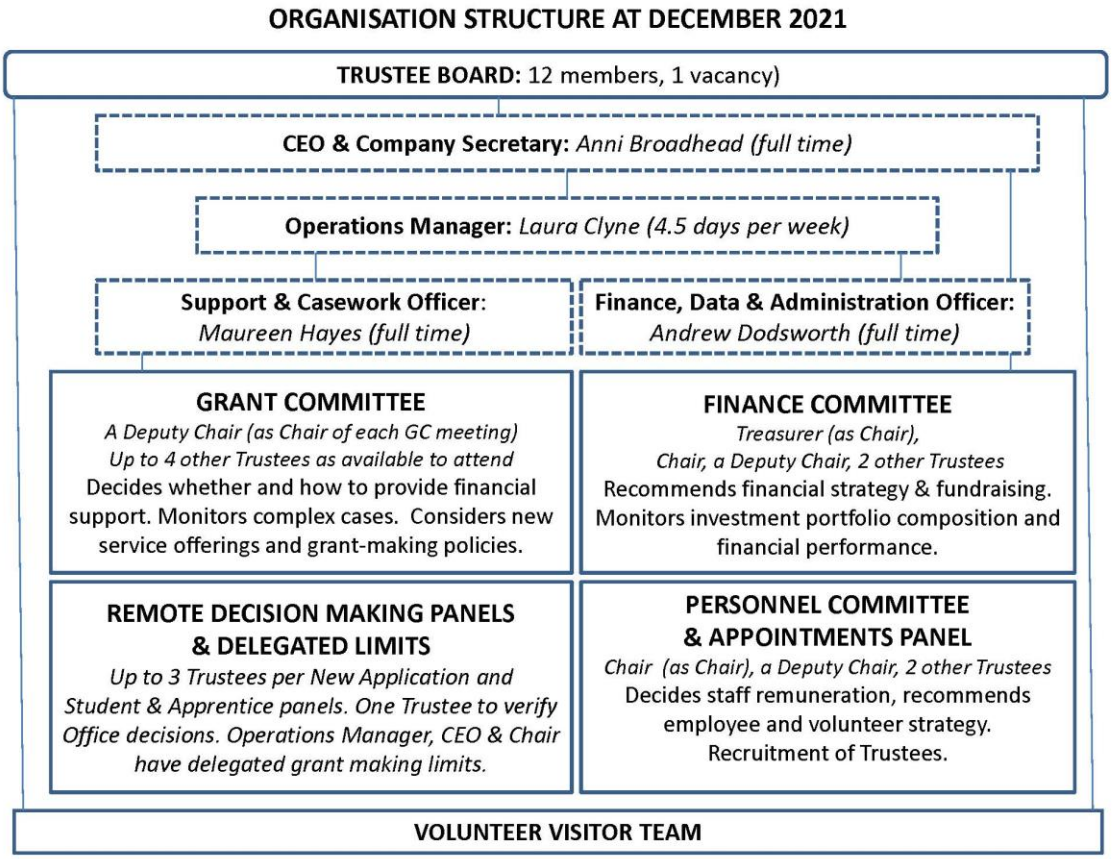
Support Network's charitable objectives are the relief and prevention of poverty. In December 2019, permission was given to expand the existing charitable objectives to include assistance to both individuals and organisations, these being:

- Members (or former members) of the Institution of Mechanical Engineers (IMechE).
- The partners, civil partners, widows, widowers, children (including adult children), relatives and other dependants of such members or former members (whether such members or former members are alive or dead at the time such provision is sought).
- To relieve, or assist in the relief of, poverty or financial hardship throughout the world, in particular but without limitation to the provision of funding for development projects, particularly projects or parts of projects with a strong engineering or technical component.
- To advance education, in particular through providing funding in support of projects which develop capability in science, technology, engineering and mathematics.

Support Network has four full-time equivalent staff (who either work from home or from the office base in London) and relies on a large network of volunteers, who themselves are mostly members of the IMechE and thus also form part of the eligible 'community' of users of the organisation's services. Volunteers assist with casework through making home visits and/or telephone or online calls for financial verification or anti-loneliness purposes, plus our international volunteers act as in-country representatives to provide a wider context to member applications. Volunteers are thereby involved with the majority of the welfare interventions and casework undertaken by the organisation. They are therefore a mainstay of Support Network's

activities and the principal point of contact with new applicants and existing beneficiaries. As presently constituted, Support Network could not operate without them. Purely in terms of hours of casework, Support Network would require at least two extra full-time staff if there were no volunteers.

Trustees are responsible for setting the organisation strategy and for ensuring that this is implemented by the Chief Executive. To assist with this work there are three sub-committees which are accountable to the main Trustee Board. There are also additional remote grant decision making panels, and members of each committee and panel are listed on page 15. A diagram of the structure of the organisation is shown below:




***Trustee Board:***

The Trustee Board, when complete, consists of at least ten and not more than thirteen individuals. The President and the Chief Executive of the IMechE are Patrons of the charity. The current Board comprises 12 elected and co-opted members. The vacancy that was being held to recruit a Trustee who could assist with foundation grant giving has been filled. Recruitment of the next 'Young Member/Newly Qualified' Trustee will occur during the spring of 2022, with the incumbent serving a three year term in this capacity from July 2022-July 2025. There is a stipulation that not more than three Trustees shall at any time also be Members of the IMechE Trustee Board, and currently none of the Support Network Trustees are also IMechE Trustees.

The Trustees serve for a fixed period of three years, after which time they are eligible to stand to serve for a further three years, after which they must retire for at least one year, before being eligible to serve on the board again, unless they hold the office of Chair or Deputy Chair at the time that their retirement would fall to be effective, at which point they may serve for an additional consecutive 12 months before being time barred. This is in order to facilitate

succession planning. Candidates to be considered for election to the Board are invited to submit statements of application against the Person Specification required that year, and to attend an interview either with the Chair and a Deputy Chair, or otherwise the full Appointments Panel (comprising the Chair, Deputy Chair and one other Trustee, who is usually a member of the Personnel Committee). New trustees are elected by the full Trustee Board, and usually take office with effect from the date of the July Trustee Board meeting, which is also usually the first Trustee Board meeting that they attend.
The elected Trustees are often already familiar with either: 1) the purpose and practical work of Support Network, (as they have largely been recruited from those who have demonstrated a commitment to the aims and ethos of the charity by volunteering to act as 'Visitors'); or 2) with the work of the IMechE, as candidates are usually IMechE members, undertake volunteer activities for the IMechE, or are employed in a role which brings additional expertise to the Support Network board e.g. communications experience.

All Trustees are recruited in accordance with adding the required skills and experience to the board, on the basis of a skills audit of all Trustees, and associated succession planning exercise. Requirements in respect of the Code of Governance, especially those in respect of Diversity and Inclusion are considered when planning for and undertaking the recruitment of new Trustees.

As part of their induction, each new Trustee is provided with all the necessary reference documents, policies and procedures for them to play an effective role on the Trustee Board. These include copies of the governing document, Charity Commission publications, terms of reference for committees, business plan, risk register, latest full statutory accounts, and the previous year of Trustee Board minutes and financial statements. Policy documents are reviewed and revised regularly, and as appropriate, with the latest editions posted on an internal Extranet, accessible via a password protected area of the governance section within the Support Network website pages. New Trustees are invited to meet with the Chief Executive (either online or at the company's registered office in London), in order to familiarise themselves with the charity, to undertake to meet the other members of the staff team, and to talk through the role and requirements in more depth. They are also required to attend external training sessions, provided by specialists in governance, to include the role, duties and responsibilities of a Trustee; finance and investment skills for Trustees; and other governance related training as applicable.

***Grant Committee:***
The Grant Committee usually meets as required, usually twice a year, with the purposes of deciding awards/loans in presented cases within the grant making framework of policies and guidelines agreed by the Trustee Board, plus overseeing grant making procedures to individuals. It also monitors the awards given via other decision making routes, and discusses and develops and/or new provider recommendations to the Trustee Board regarding emerging patterns of need and appropriate responses and/or new service provision. The Grant Committee is usually chaired by one of the Deputy Chairs, and includes up to four other Trustees, together with members of staff. New volunteers are invited to attend as part of their induction training. Other volunteer visitors may also be asked to attend if one or more of their cases are being considered and especially if those are thought to be quite complex, requiring additional discussion in person to assist with the decision-making process. All new Trustees are asked to attend at least a Grant Committee meeting during their first year of appointment as part of their induction. Trustees who do not undertake application related visits are especially encouraged to attend Grant Committee meetings in order to understand part of the core service provision and the related risks and /or strategic elements of the same.

***Finance Committee:***
The Finance Committee meets as required to consider specific finance areas. On an annual basis, usually in February, it receives investment manager presentations in respect of the

performance of funds during the preceding year. The Finance Committee is comprised of up to five Trustees, including the Treasurer, Chair, a Deputy Chair and two other Trustees. All matters of strategic finance, investment portfolio, fundraising targets and financial procedures can be considered by this committee, which then reports to the Trustee Board. Whilst the committee has a stated membership, an open invitation is extended to all Trustees in respect of attending to hear investment manager presentations. This full invitation is also extended to any Finance Committee which attended by the auditor to present the annual audit findings and to receive questions from Trustees as part of the statutory accounts agreement and signing process. An opportunity is provided for the auditor and Trustees to meet without staff being present. All new Trustees are asked to attend the first Finance Committee after their appointment as part of their induction.

***Personnel Committee:***
The Personnel Committee meets as required to consider specific personnel related issues, and at least annually (usually in December) when it considers the appraisals and performance of the staff team during the past year, their objectives for the coming year, and sets their individual remuneration. The Trustee Board delegates matters of staff administration, pay awards, benefits and organisation to the Personnel Committee. Issues, policies and/or procedures relating to volunteers are also considered here in the first instance. This committee is comprised of four Trustees, including the Chair and a Deputy Chair of the Trustee Board. Care is taken to ensure that members of the Personnel Committee do not completely change between meetings to ensure continuity of decision making. The work of the committee is often progressed by email, on a subject specific basis, in between meetings. Policies and procedures in relation to safeguarding, and compliance with the General Data Protection Regulation 2016/679 (GDPR) is within the remit of the Personnel Committee. The Appointments Panel, which interviews potential candidates to be considered for election to the Trustee Board is a sub-set of the Personnel Committee.

***Remote Grant Decision Making Panels:***
Referrals to the employment coaching service, the New Application Panel, Student & Apprentice Panel, Office Decisions process and decisions made by the Chair, Chief Executive or Operations Manager, are all additional decisions making routes which enable grant award decisions to be taken without applicants experiencing undue delay. All decisions are made within limits of type and financial amount that have been previously agreed and delegated by the Trustee Board. All awards determined by the remote grant decision making panels are reported to the following Grant Committee meeting for verification.

***Foundation Funding:***
At present all decisions relating to which organisations to award foundation funding to and at what level/duration etc are made by the full Trustee Board. Designated Trustees and/or working groups have been used to link to specific projects to help with progression and management. The formation of a specific sub-group for this work will be considered during 2022.

**RISK MANAGEMENT**
The Trustees have identified the major strategic risks to which Support Network is exposed, and have considered controls and actions to mitigate them. The Trustees also take appropriate steps to moderate and manage the operational risks to which volunteers and staff of Support Network are exposed. The risk register is reviewed in full on an annual basis, usually at the October Trustee Board meeting. Competence based training for Trustees & volunteers, employer's indemnity insurance and monitoring of new legislative requirements are all examples of steps that are routinely undertaken. Authority for the day to day management of risk is delegated by the Trustee Board to the Chief Executive. In addition, the Chief Executive, who is also the Company Secretary, undertakes regular reviews of governance related risks, to

complement those reviewed by the sub-committees. Work on the format of the risk register will be undertaken during 2022.

The Trustees have identified specific key risks to the charity and the actual steps taken to mitigate those risks. The risk value is calculated as: Impact x Probability, where 1= low and 5 = high. Save for the risk shown below, all other risks have a value of 3 or less:

**MAIN RISKS:**

Trustees feel that whilst the pandemic has brought uncertainties to our operating environment, these have largely been met without any long-term risks arising. However, a chosen activity, namely the introduction of foundation funding has brought associated yet not fully anticipated organisational risks. This is because this work is in its infancy for us – a contrast to the 109 year period we have of working with helping individuals. The year of 2021 was our first complete operational year of trying to meet our charitable objectives in this way – accordingly we are undertaking some work for the first time and are learning all the time. We are mitigating the risks through referencing the ACF (Association of Charitable Foundations) guidance and best practice publications and undertaking due diligence activities of the organisations and projects that we wish to fund. We place value on meeting the organisations directly, and in having regular contact with them to provide support to them where we are able to do so, and to also have early indication of any changes that might need to be made, e.g. timescales slipping, change of key personal etc.

**CHARITY ACTIVITIES AND PUBLIC BENEFIT**

Support Network is a charity which was established in 1913 for "the prevention and relief of poverty." In guidance concerning public benefit ('Public benefit: the public benefit requirement (PB1)'; 'Public benefit: running a charity (PB2)'; 'Public benefit: reporting (PB3) and 'Public benefit: rules for charities' February 2014) the Charity Commission recognised that for charities which have these charitable objectives, the rules relating to 'public' benefit are different in that:

*"...in general, for a purpose to be charitable it must satisfy both the 'public' and 'benefit' aspects of public benefit. However, if the purpose is to prevent or relieve poverty, the position is different. In the case of charities for the relief (and in some cases the prevention) of poverty the courts consider the public benefit requirement can be met by satisfying the 'benefit' aspect only. In these cases there is no separate consideration of the 'public' aspect. Legal requirement: only charities with a purpose to relieve (and in some cases to prevent) poverty can define who can benefit by reference to: their family relationship (that means their descent from one individual); their employment by an employer; their membership of an unincorporated association"*

*('Public benefit: the public benefit requirement' Charity Commission, September 2013)*

At 31 December 2021, there were over 115,000 current Members of the IMechE in over 140 countries around the world. Taken together with partners, widows, widowers, children, relatives and other dependants of such members and/or former members who are also eligible, the number of people eligible for assistance from Support Network is estimated to be in the order of at least 250,000 across the world. In its' guidance concerning charitable purposes ('Charitable Purposes', issued in September 2013 and updated in September 2014) the Charity Commission recognised that generally, the relief of poverty includes its prevention and the prevention of poverty includes its relief:

"...*There can be no absolute definition of what 'poverty' might mean since the problems giving rise to poverty are multi-dimensional and cumulative. It can affect individuals and whole communities. It might be experienced on a long or short-term basis. Poverty can both create, and be created by, adverse social conditions, such* as *poor health and nutrition, and low achievement in education and other areas of human development…The prevention or relief of poverty is not just about giving financial assistance to people who lack money;*

*poverty is a more complex issue that is dependent upon the social and economic circumstances in which it* arises. *The commission recognises that many charities that are concerned with preventing or relieving poverty will do* so *by addressing both the* causes *(prevention) and the consequences (relief) of poverty.*

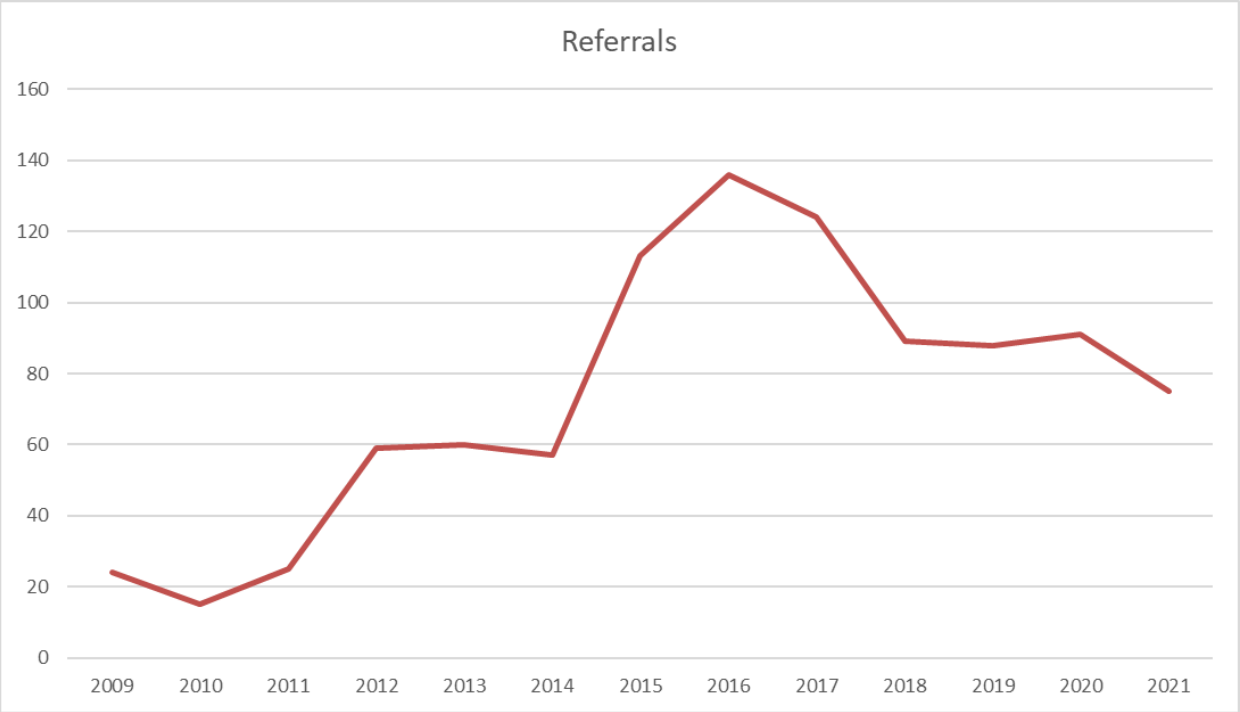
*"…Not everyone who is in financial hardship is necessarily poor, but it may still be charitable to relieve their financial hardship under the description of purposes relating to 'the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage. In most cases, the commission will treat the relief of poverty and the relief of financial hardship the same. Generally speaking, it is likely to be charitable to relieve either the poverty or the financial hardship of anyone who does not have the resources to provide themselves, either on a short or long-term basis, with the normal things of life which most people take for granted. Examples of ways in which charities might relieve poverty include: grants of money; the provision of items (either outright or on loan) such as furniture, bedding, clothing, food, fuel, heating appliances, washing machines and fridges; payment for services such as essential house decorating, insulation and repairs, laundering, meals on wheels, outings and entertainment, child-minding, telephone line, rates and utilities; the provision of facilities such as the supply of tools or books, payments of fees for instruction, examination or other expenses connected with vocational training, language, literacy, numerical or technical skills, travelling expenses to help the recipients to earn their living, equipment and funds for recreational pursuits or training intended to bring the quality of life of the beneficiaries to a reasonable standard; the provision of money management and debt counselling advice are examples of the ways in which charities might help prevent poverty... "*

*('Charitable Purposes', Charity Commission, September 2013)*

Accordingly, to meet its poverty related objects, Support Network aims to prevent or relieve poverty by providing financial grants and/or non-financial support services to eligible individuals in 'need' due to experiencing difficulties in their lives, such as poor mental health, accidents, ill health, disability, bereavement, unemployment, relationship breakdown, the separation of families, meeting the care needs of others, and/or subsequently returning to employment after attending to any of the same. Thus in addition to cash grants and interest-free secured loans, Support Network also provides specialist advice, information, guidance, facilitated peer mentoring, employment coaching, counselling, loneliness support, respite breaks, and memberships of autism and dyslexia support groups. At a detailed level this can include:

- Grants to disabled or financially disadvantaged undergraduates, Apprentices, Diploma and other students up to and including those pursuing a PhD, to enable them to complete their studies and thus to become self-sufficient, ideally via careers in mechanical engineering.
- Professional employment coaching support to those who are unemployed, at risk of redundancy, and/or to improve job seeking prospects, including post career-break.
- One-off payments for purpose specific expenditure, e.g. disability equipment.
- Time limited, 'breathing space' grants to address temporary or transitional difficulties.
- Interest-free secured loans to homeowners e.g. to assist with essential works or disability.
- Debt and money advice.
- Themed payments to assist with particular expenditure e.g. Winter Warmth.
- Specialist advice in respect of autism, dementia, care and the associated demands of meeting these needs.
- Provision of respite breaks and outings for carers and the cared for, either together or separately.
- A telephone befriending and social visits service to reduce social isolation and loneliness.
- Educational, and/or life enhancing experiences for disabled children, or at times of parental separation/ reduced financial circumstances.

- Contributions towards meeting buildings and contents insurance costs.
- Grants for furniture, bedding, clothing, food, heating appliances, washing machines, fridges etc.
- Fuel grants and energy efficiency advice to ensure that homes are safe and warm.
- Telephone, broadband and online access grants to promote social inclusion.
- Home emergency alert systems and other adaptations to enable independent living.
- Self-access online information guides.
- General and legal advice in respect of everyday, and/or court related problems, ensuring that information needs are readily met and/or potential options for action are identified in a timely manner.
- Contributions to necessary specialist health care not publicly available.
- The provision of equipment for disabled people.
- New baby grants for essential items, and support for new parents facing difficulties e.g. adapting to change, post-natal depression.




In deciding what assistance to offer, Support Network assesses the needs of each applicant against their individual circumstances, including their social and economic conditions. We recognise that poverty is a relative concept, and what constitutes poverty in an affluent society is very different in absolute terms from poverty in a developing country. In this regard, and especially as much more can be understood from a face to face conversation at the applicant's home, the organisation places considerable weight on the report and recommendations made by the Visitor, recognising that, particularly internationally, those based locally are better able to judge what is an appropriate and reasonable standard for the basic necessities of life. Mental health difficulties are also taken into account, and very often, a series of visits will be required to fully support applicants for whom mental health difficulties are an ongoing issue. Where possible all services are equally available, irrespective of geographical location, e.g. Support Network uses an employment specialist partner that can provide their services on a worldwide basis through the use of digital resources, email and/or online meetings and contact.

In seeking to expand the charitable objectives, the Trustees had due regard to the Charity Commission guidance on public benefit and accordingly decided to commence funding projects which would increase the reach of those assisted to be beyond the defined eligible group of IMechE members and their relatives. As such, the charity can now reach further in undertaking work to meet its objectives, and in 2021 made additional foundation funding grants to build on the first one that was made in 2020.

## ACHIEVEMENT AND PERFORMANCE

Projects planned for 2021 were:

**PRIORITISE MENTAL HEALTH INITIATIVES:** In addition to promoting positive and/or preventative measures to maintain good mental health and wellbeing, we expanded our current offering to take a wider interpretation of mental health issues. The Sleepstation service was introduced to help address sleep disturbance both as an issue in itself but also as a way to address the underlying issues that might be causing sleep disturbance – many of which have a mental health root.

**ASSIST WITH ENGINEERING CAREER FUTURES:** We continued to focus on our Student, Apprentice, and Newly Qualified grant programmes, plus our employment training, career break return and mentoring support. We realised in year that providing engineering training support as a continuation to the employment coaching would be of value and accordingly introduced that. The number of student applications was lower than in 2021, largely due to many students continuing their studies at home rather than away from it.

**FOUNDATION GRANT-MAKING:** Support Network developed the foundation funding stream of our work in order to rise to the challenge of using more of our resources for relieving poverty and improving the world through engineering. Accordingly, we can now fund organisations working in a STEM related way in the areas of international development, education, and/or engineering innovation – areas chosen to also align with the objectives of the IMechE. Grants are either made to the organisation working in these areas or to an overarching body which works in partnership with the recipient community to facilitate the use of funds on the ground. We were pleased that during the year we were able to build on our 2020 work and to make more grants. As such we made awards and/or allocated funds to Global GreenGrants UK; Ecologia Youth Trust; Remap and EcoWorld to enable:

- ocean plastic recycling and conversion into 3D printer filament in Watamu (Kenya)
- promote indigenous cotton cultivation in Manipur (India)
- train young people in seed banks in Chhattisgarh (India)
- capacity building for female farmers in West Bengal (India)
- support environmental health initiatives in Bamako (Mali)
- equitable access to fertilisers in Macina (Mali)
- a school sanitation unit to be built at Tarnos School (Kenya)
- young people to start a motorbike repair business in Fort Portal (Uganda)
- new branches of disability customisation charity Remap to open in Grimsby, Portsmouth and Merseyside (UK)

We look forward to seeing how these initiatives develop during 2022, plus extending our funding into more areas, with education in the round being a priority for new initiatives.

**PLACE DIVERSITY & INCLUSION AT THE HEART OF ALL THAT WE DO:** During 2021 we recruited an international Trustee to our Board. This has helped us to extend our reach into the wider IMechE membership, and to have a wider perspective at strategic level. We would like to recruit more international Trustees during the coming years. Holding meetings online is something that we will retain and use as our default method of meeting, as we have found that this also increases the participation possibility for Trustees who are in full-time employment an/or have other needs which prevent them from travelling so much. In our casework we take care to 'listen between

the lines' to be aware of whether cases might contain an element of discrimination and/or financial abuse. We have supported members to challenge instances of workplace bullying.

**PANDEMIC RESPONSE:** During 2021 we continued to meet the challenges brought by the effects of the COVID-19 pandemic on our service users, donors, grantees, volunteers and organisation. The main impact of this was shifting the core volunteer service largely online, as the possibility to visit people face-to-face continued to be limited. We are grateful to our volunteers for maintaining this important and ongoing contact with our applicants and longer-term beneficiaries. We found that whilst the number of new applications and general requests for assistance were lower than in 2020, the depth and nature of the presenting need was often greater, requiring more casework and longer term support.

## SERVICE USER FEEDBACK

Service users regularly tell us that our interventions make a positive difference to them and their family. An example received during 2021 was:

*"My apologies for the late reply, the past few weeks have been extremely busy with interviews and interview prep. And it all paid off! I was offered two jobs and accepted one a couple of days ago. Since then there's been a lot of paperwork to fill in so I've gone from one type of busy to another! I'm really excited to start my new role and I'm looking forward to the relief it will bring for both me and my partner. The last few months were becoming harder and it was taking everything to remain positive and keep ploughing on. The Renovo experience has been so, so, positive and I believe I got out of it what I put in. It's really important to dedicate the time to career prep for long lasting changes and as a result I've learned so much. Working with my career coach helped me to understand myself better in a professional capacity and to build my confidence. A really good opportunity that I would recommend to everyone.*
*Your loan to help pay off my debts has helped greatly: my monthly payments are much smaller now so the money I have saved from servicing the fees and interest charges can go towards our household shopping. It has been tough and we've had to scrape by at times but we're coming out of it now with my new job on the horizon which will bring with it financial security and a chance to pay off the remaining debt. The grant I was awarded to see my dad has helped greatly and I have been able to take him to his hospital appointments and spend quality time with him where he's comfortable at home. I went to the dentist (and also had my eyes tested), the wait lists for dentist appointments very long right now but I have been able to get some treatments done so far. I hope this information has helped to provide an idea of just how much of a difference Support Network has made to me and my partner. We wouldn't be where we are right now, which is in a positive and promising place, without this help and support. Thank you to you and the team. We really appreciate it. And it makes me so proud to be an IMechE chartered engineer".*

## FINANCIAL REVIEW

Support Network has three main sources of income: (a) donations received from IMechE members during the year, with associated Gift Aid receipts where applicable; (b) legacy and in memoriam gift donations; and (c) investment portfolio gains, received as dividend income. (Capital gains are also obtained from the investment portfolio, and where funds are held as 'accumulation units' any receipts are automatically reinvested into the investment holding, rather than drawn as income *per se,* in order for the same to hold long-term value against changes in inflation over time). Support Network has an unrestricted investment fund which is invested to provide a regular and reliable source of income for Support Network. The Trustees are legally bound to promote the best long-term interests of Support Network and to make adequate provision for both present and future beneficiaries. The overall investment policy is to obtain the best financial return from Support Network's assets, consistent with acceptable risk. To achieve this, the given powers of investment will be exercised so that the assets yield the best long-term return by way of both income and capital appreciation, judged in relation to the risks of investment. The portfolio is diversified in respect of asset class, geographical

exposure and investment managers.

### 1) Results

The net surplus for the year ended 31 December 2021 was £3,838,677. Expenditure was £729,425.

### 2) Voluntary income

- Donations, subscriptions and bequests
- Dividends and interest from an investment portfolio

Voluntary income, comprising donations and bequests, were received at a value of £299,030. 2020: £288,368). In 2021, dividends and interest from the investment portfolio amounted to £968,508 (2020: £901,425). The Trustees continue to have a preferred strategy of holding Support Network's equity-based investments in accumulation units, (rather than drawing an income stream from the same), in order to offset any losses in capital value, and hence to help to preserve funds for the future, save for the COIF Charifund holding where the dividend was drawn in order to provide greater operational income during the financial year. The Trustees again decided to meet any final operational deficit at the year end, through drawing from the reserves, rather than limiting grant or service provision expenditure in year. From the total expenditure 99% was spent on charitable activities (99% in 2020). This included charitable grants of £364,494 (2020: £346,514).

### 3) Investment Portfolio

The allocation of Support Network's investment portfolio at the close of 2021 was:

| VALUE | ASSET | INVESTMENT | BENCHMARK |
|---|---|---|---|
| 30% | Equities | M&G Charifund | FTSE All Share Index |
| 36% | Equities | M&G Global Dividend Fund | FTSE All Share Index |
| 14% | Equities | Fidelity Institutional Funds | FTSE All Share Index |
| 10% | Multi Asset | Cazenove Charity Multi Asset Fund | FTSE All Share Index |
| 6% | Property | Charities Property Fund | HSBC PUT Index |
| 3% | Equities | COIF Investment Fund | FTSE All Share Index |
| 1% | Cash | COIF Deposit Fund | London Interbank Rate |
| 0% | Bonds | COIF Fixed Interest Fund | WM Co. UK Bonds |

We do not have any control over how the JP Dudin Trust is invested, though we receive dividends from it, so it is not shown in the investment portfolio above.

Given the low interest rates now offered on cash deposits, the amount held in the COIF Deposit Fund has been maintained at a low level.

### 4) Social, environmental or ethical constraints

In the annual review of investment policy for the charity, the Trustees considered whether there should be any social, environmental or ethical considerations to impose constraints on where Support Network should invest, and decided that this should be fully reviewed during 2022. Trustees discussed the potential for positive screening, (e.g. to directly invest in mechanical engineering companies), plus the possibility of exclusions of certain assets with a decision made to explore the current holding to establish an internal benchmark building to a full ESG (environmental, social and governance) alignment during the 5 year cyclical review of the organisation's investments which is due to be held in 2023.

## 5) Reserves Policy and Designated Fund

Support Network is a 'closed' charity in that it does not actively seek funding from outside the membership of the Institution of Mechanical Engineers. Each year, a significant proportion of the charity's income is derived from annual and irregular donations, and bequests. Legacy income, however, is very uncertain, as are the levels of donations *per se,* and it cannot be guaranteed that voluntary donation levels will be repeated (or increased) year on year. In order to safeguard the ongoing provision of grants to current beneficiaries, and to cover non-discretionary expenditure, (such as salaries, pension contributions, rent), the Trustees hold reserves at a minimum level of one year's average expenditure. In anticipation of increased grant giving and/or social investment initiatives, it has been agreed to increase the level of reserves from £1,000,000 to £2,000,000.

Additionally, during 2020, Trustees agreed to create a designated fund to meet operational expenditure 'in perpetuity' and set this fund at £8,000,000. As at 31 December 2021, total funds exceeded this combined £10,000,000 amount. Accordingly, the funds are held to ensure future needs can be met, especially if there is an unexpected large-scale event requiring additional resources to be provided e.g. a significant downturn in a sector of the mechanical engineering industry at a future date.

Accordingly, the Trustees are confident that the introduced foundation giving approach can be further implemented and established, as the level of immediate and long-term reserves has been more than achieved, and that this is an active strategy in order to best use some of these resources. The reserves policy is reviewed annually, taking into account the latest forecasts of income, expenditure and changes in grant making policy.

## 6) Grant Making Policy

All grants made in 2021 were for the benefit of individuals, save for the foundation funding grants that are detailed below. In 2021, 275 members contacted us for the first time, their requests including help with finances, employment coaching, dyslexia support, social visits or legal advice. During the year 751 grant payments were made. The majority of grants and support decisions were either determined/confirmed by the Grants Committee, (which met twice during the year); through the remote decision making panels; or were initially made by the staff team, and subsequently authorised by a designated Trustee through the Office Decisions process. All proposed Office Decisions were made available on a password restricted basis to Trustees via the Extranet, to allow Trustees to see whether they agreed with the decisions made by the staff. Where the Chair, CEO or the Operations Manager made grant funding decisions, these were made within the agreed delegated limits of both value and type of award, and were reported to the subsequent Grant Committee meeting.

Considerable care is taken to ensure that applicants are able to apply for all welfare benefits, state support and/or other third party assistance that they might be entitled to, before

charitable grants are made. Support Network aims to make a positive impact and difference on the lives of people who are assisted, and accordingly at the outset of providing support, the avoidance of creating long-term dependency is paramount, so that wherever possible, people are helped to help themselves.

Examples of grants awarded included: allowances towards fuel and utility costs; travelling expenses for visiting people in hospital or nursing care; television licence fees; telephone calls; computer equipment, broadband and wifi access; crisis payments to relieve sudden unanticipated financial needs; replacement items such as washing machines, cookers, fridges, heating appliances; health and medical equipment; powered mobility vehicles; essential house repairs and insulation; adaptations to the homes of disabled people; gardening costs for older people; care help at home; personal emergency alarms; arrangements for respite care and the costs of respite breaks; and assistance towards residential and care home care costs.

A separate programme of grants is available for disabled or disadvantaged Apprentices, undergraduates, and other students who are IMechE members, irrespective of where in the world they live or study. A 'Newly Qualified' fund is available for IMechE members in the first three who have completed their studies or training in the immediate past three years, which seeks to ease the transition into the world of work.

The foundation funding element of our work is divided into the areas of international development; education; and engineering innovation. We want our work in these areas to ideally have a STEM (science, engineering, technology, mathematics) focus and to also align with the work of the IMechE. We additionally frame these areas within the UN Sustainable Development Goals. Whilst we have a preference for making award to or through UK based charitable organisations (as we feel that in the initial stages of our entering this work this is a close 'fit' for undertaking our due diligence process) this is not a fixed requirement, especially where we feel that the ultimate outcomes and impact of the funded work will help us to meet our expanded charitable objectives in respect of using engineering to relieve poverty.

## 7) Pension Funds

All current Support Network staff are enrolled in the IMechE's contribution based pension scheme which is operated by Scottish Widows plc. During 2021, the employer rate was 10% (2020: 10%). The company used to operate a defined benefit scheme which is now closed. As prescribed by FRS 102, the funding level of the defined benefit pension fund must be disclosed. After an actuarial report carried out for the IMechE consolidated accounts to 31st December 2021, the pension fund was 100% funded.

## 8) COVID-19 AND ITS IMPACT ON THE CHARITY

In common with most investors, during the Spring of 2020 the organisation experienced a significant decrease in the value of our portfolio, though with good stewardship we were able to recover the ground lost to finish the financial year in roughly the same place that we had started it. In 2021 our portfolio gained ground again and as such the charity has not experienced a long-term financial detriment. As the mechanical engineering sector was not one of those which saw long-term and/or widespread limitations, we accordingly did not have a peak period of requests but rather a pattern of those who needed help, needing more support than had previously usually been the case at the initial point of contacting us. As such we were mostly able to meet these needs and work with members to achieve positive solutions for them. Based on this past experience, at date, we feel that COVID-19 will not adversely affect the charity going forward.

**Statement of Trustees' responsibilities in respect of the Trustees' annual report and**

**the financial statements**

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Trustees 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 charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Trustees 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 charitable company will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

Each of the persons who is a Trustee at the date of approval of this report confirms that:

- So far as each Trustee is aware, there is no relevant audit information of which the company's auditor is unaware; and
- Each Trustee has taken all steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The trustees have taken advantage of the small companies exemption in preparing the trustees' annual report and the financial statements.

**PLANS FOR FUTURE PERIODS**

During 2022 Support Network plans to continue our core work whilst responding to additional needs and challenges faced by members and their families. As such we will work to:

- **MAINTAIN A FOCUS ON MENTAL HEALTH INITIATIVES:** Continue to promote positive and/or preventative measures to maintain good mental health and wellbeing, and be responsive to the stigma felt by potential applicants and reshape our offerings to assist in delivering support to those in need; further expand current offering to potentially start to address issues relating to loneliness; poor nutrition; counselling needs; relationship breakdown; parenting support; gambling; substance abuse; anxiety; and long-term effects of coping with the pandemic.

- **FURTHER ASSIST WITH ENGINEERING CAREER FUTURES:** Continue to focus on our Student, Apprentice, and Newly Qualified grant programmes, both in the UK and internationally, plus employment training, career break return and mentoring support, with a core response to members at risk of/experiencing redundancy to enable them to enter, re-enter or remain in engineering or related paths. Work in partnership with the IMechE/others

to support programmes that enable STEM focussed work experience programmes and/or remove barriers to entering the mechanical engineering profession.

- **EXPAND OUR FOUNDATION GRANT-MAKING:** Build on our 2021 work and experience in this area, by monitoring and reviewing the impact of grants already awarded, including the effectiveness of our own internal procedures, in order to make more grants during 2022, and ensure that each of the strands of education, engineering innovation and international development is supported, and also as defined through the Sustainable Development Goals (SDGs) and framework of the climate crisis.

- **ENSURE THAT DIVERSITY & INCLUSION IS AT THE HEART OF ALL THAT WE DO** through Increasing our international reach to individual IMechE members in respect of services, grants, volunteering and Trustee opportunities through adapting our processes to remove barriers to engagement with us e.g. establishing digital working as our effective norm. Continue to undertake an holistic approach to casework ensuring that additional issues such as disability, carer responsibilities, physical or mental health issues; possible discrimination at work are identified - even when these are not the presenting problem – and increase our effective responses to the same.

## IN APPRECIATION

The Trustees would like to convey their sincere thanks to the many volunteers who have so generously given their time in support of Support Network, and especially for their continued adaptability and commitment during the extended periods of lockdown and enforced online 'visiting'. They would also like to express their thanks to the staff, who have continued to work effectively throughout the year including largely working from home and being away from colleagues. The combined team of staff and volunteers make it possible to continue the charity's essential work of relieving poverty whilst minimising administrative overheads. Gratitude is also expressed to IMechE colleagues for their support and assistance throughout the year. With the continued contribution of this combined team, Support Network looks forward with confidence to enhancing the lives of IMechE members and their dependents who find themselves in need of assistance, and additionally to extending and expanding our foundation funding work and associated impact.

**This report was approved by the Trustees on 29 July 2022 and signed on their behalf by:**

B Dagley
B Dagley (Sep 29, 2022 13:09 GMT+1)

Bruce Dagley, Chair

Andrew Rowland (Sep 30, 2022 09:26 GMT+1)

Andrew Rowland, Treasurer

## Reference and Administrative Information

Name: The Benevolent Fund of the Institution of Mechanical Engineers **(Support Network)**
Charity Reg. No.209465 Company Reg. No.130981 Registered Office: 3 Birdcage Walk, London SW1H 9JJ

| ROLE | NAME | COMMITTEES | 2021 TB MEETINGS ATTENDED | NOTES |
|---|---|---|---|---|
| Chair | Bruce Dagley | 1,2,3,7 | 4 | |
| Deputy Chair | Anne Woodbridge | 1,2,6 | 4 | |
| Deputy Chair | Christian Young | 1,7 | 4 | |
| Treasurer | Andrew Rowland | 1,3 | 2 | |
| Trustee | Farah Baksh | 1,5 | 4 | |
| Trustee | Christine Clark | 1,3,7,8 | 4 | |
| Trustee | John Cornforth | 1,6,8 | 4 | |
| Trustee | Tony Frater | 1,7 | 4 | |
| Trustee | Chris Taylor | 1,2,7 | 4 | |
| Trustee | Nicole Rinaldi | 1,4 | 2 | Retired July 2021 |
| Trustee | Sarah Templey | 1,2,9 | 2 | Retired July 2021 |
| Trustee | Elisabeth Wilson | 1,10 | 2 | Elected July 2021 |
| Trustee | Chukwuma Onunkwo | 1,7 | 2 | Elected July 2021 |
| Trustee | Chirantan Shukla | 1,3,11 | 3 | Retired Jan 2022 |
| Trustee | Al Peasland | 1 | 0 | Co-opted Jan 2022 |
| CEO & Co. Sec. | Anni Broadhead | 1,2,3,4,5 | 4 | |

### Key to Committees

1 Member of the Grants Committee
2 Member of the Personnel Committee
3 Member of the Finance Committee
4 Co-lead on Communications and IMechE relationship
5 Representative on IMechE Diversity & Inclusion Board
6 Member of the New Application Panel
7 Member of the Student & Apprenticeship Panel
8 Member of the Office Decision Panel
9 Lead on General Data Protection Regulations
10 Lead on Foundation Funding
11 IMechE Reduced Subscriptions panel representative

### Key Management Personnel

The Trustees have delegated significant authority and responsibility in the day-to-day running of the charity to the Chief Executive, Anni Broadhead.

### Investment Managers:

Cazenove Schroder & Co. Limited, 31 Gresham Street, London EC2V 7QA
CCLA Investment Management Limited, 80 Cheapside, London EC2V 6DZ
Cordea Savills LLP, 33 Margaret Street, London W1G 0JD
Fidelity International, 130 Tonbridge Road, Tonbridge, Kent, TN11 9DZ
M&G Ltd, Laurence Pountney Hill, London EC4R 0HH

**Bankers:** NatWest Bank plc, 38 Strand, London WC2N 5JB
**Auditors:** Moore Kingston Smith LLP, Devonshire House, 60 Goswell Road, London, EC1M 7AD
**Solicitors:** Bircham Dyson Bell, 50 Broadway, London SW1H OBL

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

### Opinion

We have audited the financial statements of The Benevolent Fund of the Institution of Mechanical Engineers ('the company') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement] and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 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 charitable company'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 trustees are responsible for the other information contained within the annual report. 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.

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 course of 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 themselves. 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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report have 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' annual report and from preparing a strategic report.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 12, 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 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 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**

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain

audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.

- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.

- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

**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 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Luke Holt (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

## The Benevolent Fund of the Institution of Mechanical Engineers

## Statement of Financial Activities
## For the year ended 31 December 2021

| | Notes | Total (Unrestricted) General Funds 2021 | Total (Unrestricted) Designated Funds 2021 | Total (Unrestricted) Funds 2021 | Total (Unrestricted) Funds 2020 |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Income and Endowments from:** | | | | | |
| ***Donations and Legacies*** | | | | | |
| Donations, bequests | 1 | 299,030 | - | 299,030 | 288,368 |
| ***Investments*** | | | | | |
| Interest & dividends | 2 | 968,508 | - | 968,508 | 901,425 |
| **Total** | | 1,267,538 | - | 1,267,538 | 1,189,793 |
| **Expenditure on:** | | | | | |
| Raising funds | | 7,799 | - | 7,799 | 7,242 |
| Charitable activities | 3 | 721,626 | - | 721,626 | 698,036 |
| **Total** | | 729,425 | - | 729,425 | 705,278 |
| Net gains / (losses) on investment assets | 9 | 3,300,564 | - | 3,300,564 | (506,436) |
| ***Net income / (expenditure)*** | | 3,838,677 | - | 3,838,677 | (21,921) |
| **Transfers** | 14 | - | - | - | - |
| ***Net movement in funds*** | | 3,838,677 | - | 3,838,677 | (21,921) |
| **Reconciliation of funds:** | | | | | |
| Total funds brought forward | 14 | 23,147,999 | 8,000,000 | 31,147,999 | 31,169,920 |
| **Total funds carried forward** | 14 | 26,986,676 | 8,000,000 | 34,986,676 | 31,147,999 |

All income and expenses derive from continuing operations and relate to general funds.

The notes numbered 1 to 21 form part of these accounts.

# The Benevolent Fund of the Institution of Mechanical Engineers

## Balance Sheet
## As at 31 December 2021

| | Notes | Total Funds 2021 £ | Total Funds 2020 £ |
|---|---|---|---|
| **Fixed Assets** | | | |
| Tangible assets | 8 | 1 | 1,322 |
| Investments:- | | | |
| Stock Market Investments | 9 | 33,825,841 | 30,137,262 |
| *Total fixed assets* | | 33,825,842 | 30,138,584 |
| **Current Assets** | | | |
| Debtors | 12 | 39,203 | 54,934 |
| Cash at bank and in hand | 11 | 81,818 | 83,776 |
| Loans (due after more than one year) | 10 | 1,110,548 | 1,003,277 |
| *Total current assets* | | 1,231,569 | 1,141,987 |
| **Liabilities** | | | |
| Creditors: - amounts falling due within one year | 13 | 70,735 | 132,572 |
| | | 70,735 | 132,572 |
| ***Net current assets*** | | 1,160,834 | 1,009,415 |
| ***Total assets less current liabilities*** | | 34,986,676 | 31,147,999 |
| **The funds of the charity:** | | | |
| Unrestricted funds | | 26,986,676 | 23,147,999 |
| Designated funds | | 8,000,000 | 8,000,000 |
| | | 34,986,676 | 31,147,999 |

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The accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and in accordance with the provision of the Financial Reporting Standard 102

These financial statements were approved by the Trustee Board on 29 July 2022 and signed on its behalf by:-

B Dagley

B Dagley (Sep 29, 2022 13:09 GMT+1)

Andrew Rowland (Sep 30, 2022 09:26 GMT+1)

Bruce Dagley, Chair

Andrew Rowland, Treasurer.

Members of the Trustee Board

The notes numbered 1 to 20 form part of these accounts.

Company Number 130981

# The Benevolent Fund of the Institution of Mechanical Engineers

## Statement of Cash Flows
## For the year ended 31 December 2021

| | Notes | 2021 | 2020 |
|---|---|---|---|
| | | £ | £ |
| **Cash flows from operating activities:** | | | |
| *Net cash used in operating activities* | | (582,451) | (542,018) |
| **Cash flows from investing activities:** | | | |
| Dividends and interest from investments | | 715,493 | 569,223 |
| Bank interest received | | 10 | 77 |
| Purchase of tangible fixed assets | | - | - |
| Purchase of Investments | | (100,000) | - |
| Proceeds from sale of investments | | - | 5,284 |
| Change in cash held by investment manager | 11 | (35,010) | (10,101) |
| **Net cash provided by investing activities** | | 580,493 | 564,483 |
| *Change in cash and cash equivalents in the reporting* | | (1,958) | 22,465 |
| *Cash and cash equivalents at the beginning of the reporting period* | | 83,776 | 61,311 |
| *Cash and cash equivalents at the end of the reporting* | | 81,818 | 83,776 |

**Net (expenditure)/income for the period**

| | £ | £ |
|---|---|---|
| **Net income for the reporting period** | 3,838,677 | (21,921) |
| Adjustments for: | | |
| Dividends, interest from investments | (968,508) | (901,425) |
| Depreciation charges | 1,321 | 1,585 |
| Decrease / (increase) in debtors | (91,540) | (134,119) |
| Increase / (decrease) in creditors | (61,837) | 7,426 |
| Gains / (losses) on investments | (3,300,564) | 506,436 |
| **Net Cash used in operating activities** | (582,451) | (542,018) |

| **Net Debt Note** | **At 01/01/21** **£** | **Cashflows** **£** | **Non-cash** **£** | **At 31/12/21** **£** |
|---|---|---|---|---|
| Cash | 83,776 | (1,958) | - | 81,818 |
| | 83,776 | (1,958) | 0 | 81,818 |

# Accounting Policies
# For the year ended 31 December 2021

## ACCOUNTING POLICIES

The Charity is a private limited company (Charity Reg. No 209465, Company Reg. No 130981), which is incorporated and domiciled in the UK and is a public benefit entity. The address of the registered office is: 3 Birdcage Walk, London SW1H 9JJ.

A Summary of the accounting policies which have been applied consistently is set out below.

### a) BASIS OF ACCOUNTING

The accounts (financial statements) have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS102 the Financial Reporting Standard, including Update Bulletin 2, applicable in the UK and Republic of Ireland, the Companies Act 2006, and the UK Generally Accepted Practice as it applies from 1 January 2015. The accounts comply with applicable charity and company law in England and Wales.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound. The financial statements have been prepared on the historical cost convention, modified to incorporate the revaluation of investments.

### b) GOING CONCERN

The financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that would result from the company not being able to continue for the next 12 months. There are no material uncertainties about the company's ability to continue as a going concern. The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the entity to continue as a going concern. The trustees has considered the impact of COVID-19 on the investment portfolio and investment income generation to be short term. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. The trustees conclude there is a reasonable expectation that the Fund has adequate resources and unrestricted reserves/cash balances to continue in operational assistance for the foreseeable future. The Fund therefore continues to adopt the going concern basis in preparing its financial statements.

### c) FUND ACCOUNTING

The financial statements make reference to Total Funds. These funds are unrestricted and therefore can be drawn on when required.

All monies received, subject to the express direction otherwise by the donor or testator, will be added to these funds. As at the 31 December 2021, the Trustee board received no monies that are subject to express direction.

### d) FINANCIAL ASSETS

The Charity has elected to apply the provisions of Section 11 "Basic financial instruments" of FRS102 to all of its financial instruments. Financial assets are recognised in the company's statement of financial position when the Charity becomes party to the contractual provisions of Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

**Loan and receivables**

Life-time interest free loans are made to approved beneficiaries which are repayable only from the estate of the beneficiary or, in the case of joint loans, from the estate of the second surviving partner. These are accounted for at cost.

**Impairment of financial assets**

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

**e) FINANCIAL LIABILITIES**

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

**f) INVESTMENTS**

Investments are stated at fair value at the balance sheet date. The statement of Financial Activities includes the net gains and losses on revaluation and disposals of investment funds throughout the year.

**g) TANGIBLE FIXED ASSETS**

Tangible fixed assets are stated at cost (a capitalisation limit is in place of £1,000) less depreciation calculated at rates intended to write off their cost less estimated residual value over the period of their estimated useful lives at the following rates:

| | |
|---|---|
| Furniture | 20% per annum on written down value |
| Equipment | 33% per annum on cost |

**h) RESOURCES EXPENDED**

Expenditure is accounted for on an accruals basis inclusive of any VAT which cannot be recovered. Expenditure is recognised once there is legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and can be measured reliably. Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure. Support costs are allocated between the categories of expenditure depending on their nature.

### i) INCOMING RESOURCES

Incoming resources are recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and likelihood of receipt is probable. Bank interest is accounted for in the period for which the charity is entitled to receipt.

Legacies are recognised when all the criteria have been met; entitlement when probate has been granted and the executor(s) of the estate have established that there are sufficient assets in the estate, after settling liabilities to pay legacy income; the value is reliably measured and the likelihood of receiving the legacy is probable.

### j) POST-RETIREMENT BENEFITS

The charitable company has associated member status in the pension scheme operated by the Institution of Mechanical Engineers which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the charitable company. The charitable company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period.

### k) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements, nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

## Notes to the Financial Statements
## For the year ended 31 December 2021

1 **Incoming Resources**

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Donations & Gift Aid Reclaim | 296,808 | 285,453 |
| JP Dudin Bequest | 2,222 | 2,915 |
| | 299,030 | 288,368 |

2 **Investment Income**

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Dividends & loan stock interest - UK investments | 968,498 | 901,348 |
| Bank Interest | 10 | 77 |
| | 968,508 | 901,425 |

3 **Charitable Activities**

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Grants for the relief of poverty | 307,024 | 346,514 |
| Foundation grants | 57,050 | |
| Allocation from support costs (note 4) | 357,552 | 351,522 |
| | 721,626 | 698,036 |

Grants made to individuals were for the relief of poverty. During the year there were 201 beneficiaries (2020: 417).

| Analysis of Grants | Grants to institutions | Grants to Individuals | Support Costs | Total |
|---|---|---|---|---|
| Grants for the relief of poverty | - | 307,024 | 301,523 | 608,547 |
| Foundation grant: Ecologia | 46,943 | - | 46,102 | 93,045 |
| Foundation grant: Rapid Foundation | 108 | - | 106 | 214 |
| Foundation grant: Remap | 10,000 | - | 9,821 | 19,821 |
| Total | 57,051 | 307,024 | 357,552 | 721,627 |

4 **Support Cost**

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Training Volunteers | 5,710 | 2,188 |
| Staff Costs | 253,063 | 238,746 |
| Grants committee expenses | 98 | 23 |
| Visiting beneficiaries | 282 | 915 |
| Publications | 995 | 1,044 |
| Printing & Stationery | 1,241 | 1,734 |
| Postage & telephone | 2,230 | 2,663 |
| Communications & database | 30,968 | 29,261 |
| Depreciation | 1,321 | 1,585 |
| Extranet for use by Volunteers | 1,590 | 204 |
| Accommodation charges | 8,693 | 25,806 |
| Accounting & Computer Services | 25,601 | 25,524 |
| Travel & subsistence | 130 | 362 |
| Bank charges | 1,038 | 1,375 |
| Subscriptions to professional bodies | 2,612 | 2,020 |
| Sundry | 1,573 | 1,899 |
| Loan write off | - | - |
| Homeworking costs | 1,268 | - |
| Allocation from governance costs (note 5) | 19,139 | 16,173 |
| | 357,552 | 351,522 |

The reason for the allocation of support and governance costs here is that the significant proportion of these costs relate to Charitable activities.

## Notes to the Financial Statements
## For the year ended 31 December 2021

5 **Other: governance costs**

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Audit fee (current year inc VAT) | 13,166 | 9,920 |
| Legal Fees | - | 1,776 |
| Committee expenses | 3,193 | 2,502 |
| Compliance costs & insurance | 2,780 | 1,975 |
| | 19,139 | 16,173 |

No payments have been made to the auditor or their associates in respect of non-audit work during the year.

6 **Staff**

| | 2021 | 2020 |
|---|---|---|
| Staff costs comprise:- | £ | £ |
| Salaries and other emoluments | 208,649 | 194,180 |
| Social security costs | 20,014 | 18,845 |
| Other pension costs | 21,750 | 24,666 |
| Training | 2,650 | 1,055 |
| | 253,063 | 238,746 |

Those earning over £60,00 in the year are:

| | 2021 | 2020 |
|---|---|---|
| £60,001 to £70,000 | - | - |
| £70,001 to £80,000 | 1 | 1 |

The total amounts paid in respect of key management personnel in 2021**:** £82,158 (2019: £80,759) and pension contribution of these high paid employees was in 2021 £8,457 (2020: £6,703).

The average number of persons employed by the entity under contracts of service was 4 (2020: 4)

7 **Trustee Board**

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Travel and subsistence expenses paid | 3,193 | 2,502 |
| | No. | No. |
| Number of members who claimed | 6 | 8 |

No member of the Committee received any remuneration in respect of services to the Fund for the year.

8 **Fixed Assets - Furniture and Office Equipment**

| | 2021 | 2020 |
|---|---|---|
| Cost | £ | £ |
| At 1 January | 43,052 | 43,052 |
| Additions | - | - |
| At 31 December | 43,052 | 43,052 |
| | | |
| Depreciation | | |
| At 1 January | 41,730 | 40,145 |
| Amount provided | 1,321 | 1,585 |
| At 31 December | 43,051 | 41,730 |
| | | |
| Net Book Value at 31 December 2021 and 31 December 2020 | 1 | 1,322 |

## Notes to the Financial Statements
## For the year ended 31 December 2021

9 **Investments (at market value)**

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| J P Dudin income account | - | - |
| M&G Chari Fund Accumulation Units | 10,125,682 | 8,930,862 |
| M&G Global Dividend Fund Accumulation Units | 12,407,051 | 10,864,626 |
| Fidelity Fund Shares | 4,602,757 | 4,314,304 |
| Cazenove Charity Multi Asset Fund Income Units | 3,316,281 | 3,117,705 |
| Charity Property Fund Income Units | 2,157,386 | 1,952,738 |
| CCLA COIF Charities Investment Fund Income Units | 1,039,130 | 814,483 |
| CCLA COIF Fixed Interest Fund Units | - | - |
| Total | 33,648,287 | 29,994,718 |

All investments are listed UK securities.

| Movements of investments | 2021 Capital £ | 2020 Capital £ |
|---|---|---|
| Market value at 1 January | 29,994,718 | 30,174,313 |
| Purchases and accumulations | 353,005 | 332,125 |
| Disposal proceeds | - | (5,284) |
| Net investment gain/(loss) | 3,300,564 | (506,436) |
| | 33,648,287 | 29,994,718 |
| Cash with investment manager | 177,554 | 142,544 |
| Market value at 31 December | 33,825,841 | 30,137,262 |
| | | |
| Historic costs at 31 December | 19,753,985 | 19,400,980 |
| Unrealised investment gains at 31 December | 14,071,856 | 10,736,282 |

10 **Loans**

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Brought forward 1st January | 1,003,277 | 861,708 |
| Additions | 158,439 | 165,465 |
| Repayments | (51,168) | (23,896) |
| Written off | - | - |
| Carried forward 31st December | 1,110,548 | 1,003,277 |

These loans are interest free and are repayable to the Benevolent Fund from the estate of the beneficiaries in more than one year. The amount of provided unsecured loans in 2021 was £82,236 (2020: £126,020).

11 **Analysis of Changes in Cash**

| | 2021 | Cash flow | 2020 |
|---|---|---|---|
| | £ | £ | £ |
| Cash at bank and in hand | 81,818 | (1,958) | 83,776 |
| Cash with investment manager - see note 9 | 177,554 | 35,010 | 142,544 |
| | 259,372 | 33,052 | 226,320 |

12 **Other Debtors**

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Amounts due from the Institution of Mechanical Engineers | 7,889 | 7,651 |
| Other debtors | 31,314 | 47,283 |
| | 39,203 | 54,934 |

## Notes to the Financial Statements
## For the year ended 31 December 2021

13 **Creditors**

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Amounts due to the Institution of Mechanical Engineers | 55,547 | 119,018 |
| Audit fees | 11,500 | 9,500 |
| Accruals | 3,688 | 4,054 |
| | 70,735 | 132,572 |

14 **Analysis of Funds at 31 December 2021**

| | 1 January 2021 | Income | Expenditure | Gains / losses | Transfers | 31 December 2020 |
|---|---|---|---|---|---|---|
| | | £ | £ | £ | £ | £ |
| **Unrestricted** | | | | | | |
| *Designated Funds* | 8,000,000 | - | - | - | - | 8,000,000 |
| *Untrestricted Funds* | 23,147,999 | 1,267,538 | (729,425) | 3,300,564 | - | 26,986,676 |
| **Total funds** | 31,147,999 | 1,267,538 | (729,425) | 3,300,564 | - | 34,986,676 |

During 2020, Trustees agreed to create a designated fund to meet operational expenditure 'in perpetuity' and set this fund at 8,000,000.

15 **Financial Commitments**

The Trustee Board has given outline approval to help certain beneficiaries during the coming year. Because actual circumstances will vary, it is not possible to accurately quantify the amount at this time but the level is not expected to be material.

16 **Pensions**

All current employees participate in the Institution of Mechanical Engineers contribution based pension scheme. In 2021 the Institution matched employee contributions to this plan up to a maximum of 10% of salary (2020: 10%).

The Benevolent Fund has associated member status in the defined benefit pension scheme operated by the Institution of Mechanical Engineers, which is now closed to new members. The latest full actuarial valuation was carried out at 1 December 2015 and updated to 31 December 2019 by a qualified independent company of actuaries, and can be found in the consolidated accounts of the Institution. As prescribed by FRS102, the funding level of the pension fund must be disclosed; after an actuarial report carried out for the Institution of Mechanical Engineers consolidated accounts to 31 December 2021, the pension fund was 100% (2020: 86%) funded.

The Benevolent Fund is therefore exposed to actuarial risks associated with the scheme operated by the Institution of Mechanical Engineers and and is unable it identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents contributions payable to the scheme in respect of the accounting period. The Benevolent Fund has entered into an agreement whereby the Fund recognises a liability for contributions payable that arise from the agreement ("Deficit Recoverable Plan") to the extent that they relate to the deficit and resulting expense in the income and expenditure account. As at 31 December 2020 no such "Deficit Recoverable Plan" was in place and as a result no liability has been recognised in these financial statements relating to this.

## 17 Taxation

The Benevolent Fund is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

## 18 Ultimate parent

In the opinion of the trustees there is no controlling party.

## 19 Related Party Transactions

There were no related party transactions in both 2021 and 2020, other than trustees' travelling and subsistence expenses reported in Note 7.

## 20 Operating Lease Commitments

| | 2021 | 2020 |
|---|---|---|
| **Land and Buildings** | | |
| Payments in less than one year | - | 22,712 |
| Payments in one to five years | 10,410 | 10,410 |
| | **10,410** | **33,122** |

## 21 Company Limited by Guarantee

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

THE BENEVOLENT FUND OF THE INSTITUTION OF MECHANICAL ENGINEERS

England & Wales - Charity number 209465

# Accounts

# The Benevolent Fund Of The Institution Of Mechanical Engineers

Annual Report and Accounts For the year to 31 December 2020

Annual Report and Accounts
For the year to 31 December
2020

Company Registered in England No.130981
Registered Charity No: 209465

**The Benevolent Fund of the Institution of Mechanical Engineers**
**Report of the Trustees**
**For the year ended 31 December 2020**

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# The Benevolent Fund of the Institution of Mechanical Engineers
# Report of the Trustees
# For the year ended 31 December 2020

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## INTRODUCTION

The Trustees are pleased to submit their annual report which incorporates the Director's Report and accounts for the year ended 31 December 2020. In preparing this report the Trustees have complied with the Charities Act 2011, the Companies Act 2006, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in UK and Republic of Ireland (FRS102), and the company's Memorandum & Articles of Association.

## REFERENCE AND ADMINISTRATIVE DETAILS

The Benevolent Fund of The Institution of Mechanical Engineers (also known as, and now operating under, the working title of 'Support Network') was founded in 1913 and is registered with the Charity Commission for England and Wales as charity number 209465. Support Network is also a Company Limited by Guarantee; and is registered with Companies House as company number 130981. The Trustees, Officers and professional advisers of the charity are listed on page 17 of this report. Support Network operates throughout the United Kingdom and internationally, wherever there are members (or former members) of the Institution of Mechanical Engineers (IMechE). Although close ties exist between Support Network and the IMechE, it should be noted that they are separate and distinct registered charities and companies, with different objectives, funds and management structures.

## STRUCTURE, GOVERNANCE AND MANAGEMENT OF THE CHARITY

Support Network is a charitable company limited by guarantee, established under a Memorandum of Association, now revised as Articles of Association (January 2020) which sets out the objects and powers of the charitable company and all governance provisions relating to the same. A copy of the current version of the Articles of Association are filed with both the Charity Commission for England and Wales and at Companies House. The Directors of the company are also charity Trustees for the purposes of charity law. The governing body of Support Network is the Trustee Board, and the Trustees are jointly responsible for its governance.

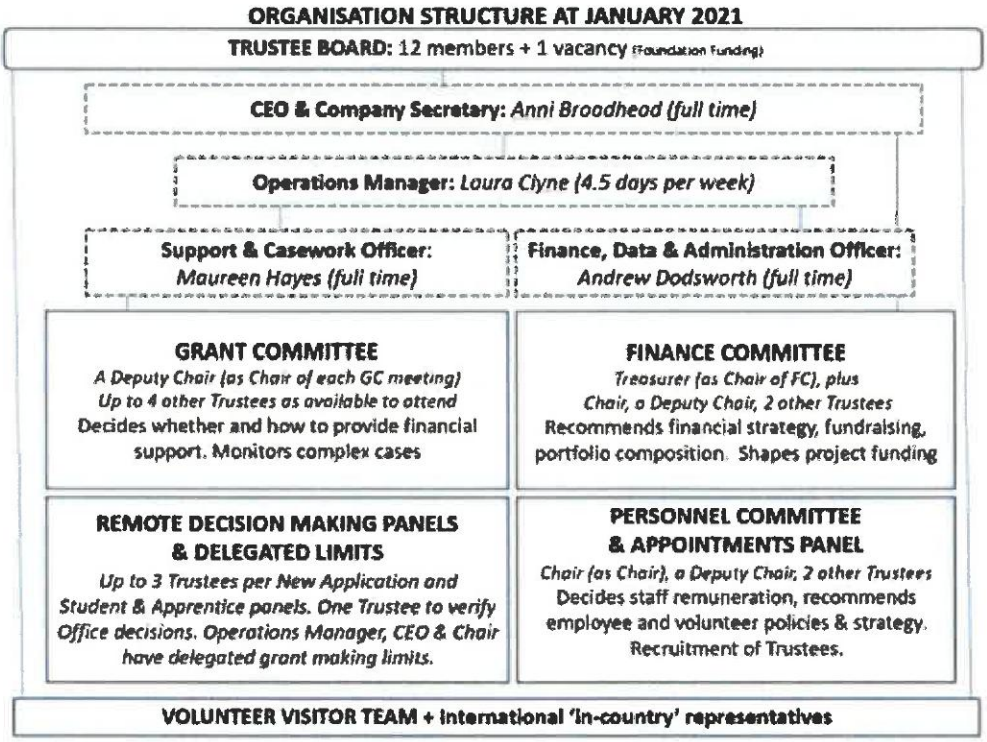
Support Network's charitable objectives are the relief and prevention of poverty. In December 2019, permission was given to expand the existing charitable objectives to include assistance to both individuals and organisations, these being:

- Members (or former members) of the Institution of Mechanical Engineers (IMechE);
- The partners, civil partners, widows, widowers, children (including adult children), relatives and other dependants of such members or former members (whether such members or former members are alive or dead at the time such provision is sought).
- To relieve, or assist in the relief of, poverty or financial hardship throughout the world, in particular but without limitation to the provision of funding for development projects, particularly projects or parts of projects with a strong engineering or technical component
- To advance education, in particular through providing funding in support of projects which develop capability in science, technology, engineering and mathematics.

Support Network has four full-time equivalent staff (who either work from home or from the office base in London) and relies on a large network of volunteers, who themselves are mostly members of the IMechE and thus also form part of the eligible 'community' of users of the organisation's services. Volunteers assist with casework through making home visits and telephone calls for financial verification or anti-loneliness purposes, plus our international volunteers act as in-country representatives to provide a wider context to member applications. Volunteers are thereby involved with the majority of the welfare

interventions and casework undertaken by the organisation. They are therefore a mainstay of Support Network's activities and the principal point of contact with new applicants and existing beneficiaries. As presently constituted, Support Network could not operate without them. Purely in terms of hours of casework, Support Network would require at least two extra full-time staff if there were no volunteers.

Trustees are responsible for setting the strategy and for ensuring that this is implemented by the Chief Executive. To assist with this work there are three sub-committees which are accountable to the main Trustee Board. There are also additional remote grant decision making panels, and members of each committee and panel are listed on page 17. A diagram of the structure of the organisation is shown below:




***Trustee Board:***

The Trustee Board, when complete, consists of at least ten and not more than thirteen individuals. The President and the Chief Executive of the IMechE are Patrons of the charity. The current Board comprises 12 elected members. A vacancy is being held for future recruitment of a Trustee who can bring a background in foundation grant giving, to assist in the development of this aspect of the organisation's work. It is intended that this vacancy is recruited to during 2021. Recruitment of a new 'Young Member/Newly Qualified' Trustee was undertaken during the spring of 2019, with the incumbent serving a three year term in this capacity from July 2019-July 2022. There is a stipulation that not more than three Trustees shall at any time also be Members of the IMechE Trustee Board, and currently none of the Support Network Trustees are also IMechE Trustees.

The Trustees serve for a fixed period of three years, after which time they are eligible to stand to serve for a further three years, after which they must retire for at least one year, before being eligible to serve on the board again, unless they hold the office of Chair or Deputy Chair at the time that their retirement would fall to be effective, at which point they may serve for

an additional consecutive 12 months before being time barred. This is in order to facilitate succession planning. Candidates to be considered for election to the Board are invited to submit statements of application against the Person Specification required that year, and to attend an interview either with the Chair and a Deputy Chair, or otherwise the full Appointments Panel (comprising the Chair, Deputy Chair and one other Trustee, who is usually a member of the Personnel Committee). New trustees are elected by the full Trustee Board, and usually take office with effect from the date of the July Trustee Board meeting, which is also usually the first Trustee Board meeting that they attend.

The elected Trustees are often already familiar with either: 1) the purpose and practical work of Support Network, (as they have largely been recruited from those who have demonstrated a commitment to the aims and ethos of the charity by volunteering to act as 'Visitors'); or 2) with the work of the IMechE, as candidates are usually IMechE members, undertake volunteer activities for the IMechE, or are employed in a role which brings additional expertise to the Support Network board e.g. communications experience.

All Trustees are recruited in accordance with adding the required skills and experience to the board, on the basis of a skills audit of all Trustees, and associated succession planning exercise. Requirements in respect of the Code of Governance, especially those in respect of Diversity and Inclusion are considered when planning for and undertaking the recruitment of new Trustees.

As part of their induction, each new Trustee is provided with all the necessary reference documents, policies and procedures for them to play an effective role on the Trustee Board. These include copies of the governing document, Charity Commission publications, terms of reference for committees, business plan, risk register, latest full statutory accounts, and the previous year of Trustee Board minutes and financial statements. Policy documents are reviewed and revised regularly, and as appropriate, with the latest editions posted on an internal Extranet, accessible via a password protected area of the governance section within the Support Network website pages. New Trustees are invited to meet with the Chief Executive (either online or at the company's registered office in London), in order to familiarise themselves with the charity, to undertake to meet the other members of the staff team, and to talk through the role and requirements in more depth. They are also required to attend external training sessions, provided by specialists in governance, to include the role, duties and responsibilities of a Trustee; finance and investment skills for Trustees; and other governance related training as applicable.

***Grant Committee:***

The Grant Committee usually meets twice a year, with the purposes of deciding awards/loans in presented cases within the grant making framework of policies and guidelines agreed by the Trustee Board, plus overseeing grant making procedures (to individuals). It also reviews the awards given via other decision making routes, and discusses and develops policy recommendations to the Trustee Board regarding emerging patterns of need and appropriate responses and/or new service provision. The Grant Committee is usually chaired by one of the Deputy Chairs, and includes up to four other Trustees, together with members of staff. New volunteers are invited to attend as part of their induction training. Other volunteer visitors may also be asked to attend if one or more of their cases are being considered and especially if those are thought to be quite complex, requiring additional discussion in person to assist with the decision-making process. All new Trustees are required to attend at least one Grant Committee meeting during their first year of appointment as part of their induction. Trustees who do not undertake application related visits are especially encouraged to attend Grant Committee meetings in order to understand part of the core service provision and the related risks and /or strategic elements of the same.

***Finance Committee:***
The Finance Committee meets as required to consider specific finance areas, and at least annually, (usually in February) when it receives investment manager presentations in respect of the performance of funds during the preceding year. The Finance Committee is comprised of up to five Trustees, including the Treasurer, Chair, a Deputy Chair and two other Trustees. All matters of finance, investment portfolio, fundraising targets and financial procedures are considered by this committee, which reports to the Trustee Board. Whilst the committee has a stated membership, an open invitation is extended to all Trustees in respect of attending to hear investment manager presentations. This full invitation is also extended to the June Finance Committee which is when, in recent years, the auditor attends a meeting of the Finance Committee in order to present the audit findings and to receive questions from Trustees as part of the statutory accounts agreement and signing process. An opportunity is provided for the auditor and Trustees to meet without staff being present. Additionally, all new Trustees are required to attend the first Finance Committee after their appointment as part of their induction.

***Personnel Committee:***
The Personnel Committee meets as required to consider specific personnel related issues, and at least annually (usually in December) when it considers the appraisals and performance of the staff team during the past year, their objectives for the coming year, and sets their individual remuneration. The Trustee Board delegates matters of staff administration, pay awards, benefits and organisation to the Personnel Committee. Issues, policies and/or procedures relating to volunteers are also considered here in the first instance. This committee is comprised of four Trustees, including the Chair and a Deputy Chair of the Trustee Board. The work of the committee is often progressed by email, on a subject specific basis, in between meetings. Initial oversight of policies and procedures in relation to safeguarding, and compliance with the General Data Protection Regulation 2016/679 (GDPR) is within the remit of the Personnel Committee. The Appointments Panel, which interviews potential candidates to be considered for election to the Trustee Board is a sub-set of the Personnel Committee.

***Remote Grant Decision Making Panels:***
Referrals to the employment coaching service, the New Application Panel, Student & Apprentice Panel, Office Decisions process and decisions made by the Chair, Chief Executive or Operations Manager, are all additional decisions making routes which enable grant award decisions to be taken without applicants experiencing undue delay. All decisions are made within limits of type and financial amount that have been previously agreed and delegated by the Trustee Board. All awards determined by the remote grant decision making panels are reported to the following Grant Committee meeting for verification.

**RISK MANAGEMENT**
The Trustees have identified the major strategic risks to which Support Network is exposed, and have established controls and actions to mitigate them. The Trustees take appropriate steps to moderate and manage the inevitable operational risks to which volunteers and staff of Support Network are exposed, and these are reviewed and discussed at each committee meeting, culminating in an annual review, usually at the October Trustee Board meeting. Competence based training for Trustees & volunteers, employer's indemnity insurance and monitoring of new legislative requirements are all examples of steps that are routinely undertaken. Authority for the day to day management of risk is delegated by the Trustee Board to the Chief Executive. In addition, the Chief Executive, who is also the Company Secretary, undertakes regular reviews of governance related risks, to complement those reviewed by the sub-committees.

The Trustees have identified specific key risks to the charity and the actual steps taken to mitigate those risks. The risk value is calculated as: Impact x Probability, where 1= low and 5 = high. Save for the risks shown below, all other risks have a value of 3 or less:

**OVERARCHING RISK:**
*CONTINUING AND DEVELOPING IMPACT AND EFFECTS OF THE COVID-19 PANDEMIC:* At the time of writing (March 2021), the United Kingdom is still experiencing lockdown restrictions and the economic impacts of the same, albeit relaxation and a return to a pre-covid reality are starting to occur. Caution is nevertheless urged by all UK governing bodies, especially given the existence of variants and a third wave occurring in continental Europe. Whilst the UK mechanical engineering sector has in the main held up during these turbulent times, the outlook nevertheless appears to be very uncertain given that furlough is in still in operation and not all graduate programmes have been reinstated. The impact on the round on member households (especially for dependants) could bring greater applications to Support Network. Vaccine roll-out inequality may also adversely affect members outside of the UK. Whilst the initial decline in the value of our investment portfolio rallied during 2020, Trustees have created a designated fund to protect the fund in perpetuity.

**CHARITY ACTIVITIES AND PUBLIC BENEFIT**
Support Network is a charity which was established in 1913 for "the prevention and relief of poverty." In guidance concerning public benefit ('Public benefit: the public benefit requirement (PB1)'; 'Public benefit: running a charity (PB2)'; 'Public benefit: reporting (PB3) and 'Public benefit: rules for charities' February 2014) the Charity Commission recognised that for charities which have these charitable objectives, the rules relating to 'public' benefit are different in that:

*"...in general, for a purpose to be charitable it must satisfy both the 'public' and 'benefit' aspects of public benefit. However, if the purpose is to prevent or relieve poverty, the position is different. In the case of charities for the relief (and in some cases the prevention) of poverty the courts consider the public benefit requirement can be met by satisfying the 'benefit' aspect only. In these cases there is no separate consideration of the 'public' aspect. Legal requirement: only charities with a purpose to relieve (and in some cases to prevent) poverty can define who can benefit by reference to: their family relationship (that means their descent from one individual); their employment by an employer; their membership of an unincorporated association"*

*('Public benefit: the public benefit requirement' Charity Commission, September 2013)*

At 31 December 2020, there were over 115,000 current Members of the IMechE in over 140 countries around the world. Taken together with partners, widows, widowers, children, relatives and other dependants of such members and/or former members who are also eligible, the number of people eligible for assistance from Support Network is estimated to be in the order of at least 250,000 across the world. In its' guidance concerning charitable purposes ('Charitable Purposes', issued in September 2013 and updated in September 2014) the Charity Commission recognised that generally, the relief of poverty includes its prevention and the prevention of poverty includes its relief:

*"...There can be no absolute definition of what 'poverty' might mean since the problems giving rise to poverty are multi-dimensional and cumulative. It can affect individuals and whole communities. It might be experienced on a long or short-term basis. Poverty can both create, and be created by, adverse social conditions, such as poor health and nutrition, and low achievement in education and other areas of human development...The prevention or relief of poverty is not just about giving financial assistance to people who lack money; poverty is a more complex issue that is dependent upon the social and economic circumstances in which it* arises. *The commission recognises that many charities that are concerned with preventing or relieving poverty will do so by addressing both the* causes *(prevention) and the consequences (relief) of poverty.*

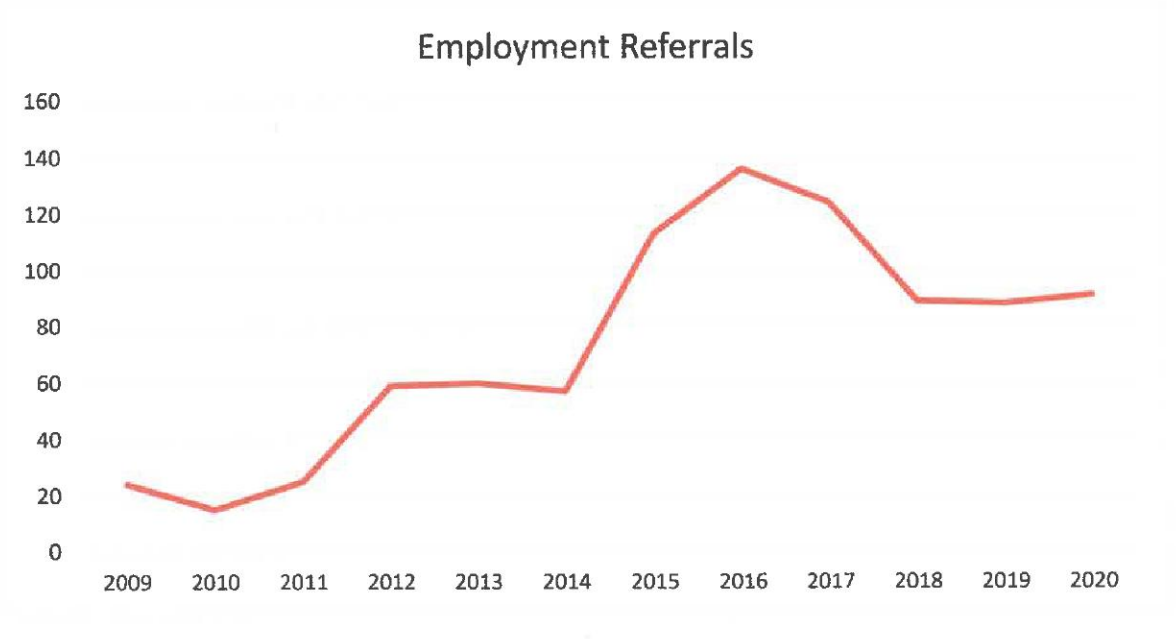
*"...Not everyone who is in financial hardship is necessarily poor, but it may still be charitable to relieve their financial hardship under the description of purposes relating to 'the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage. In most cases, the commission will treat the relief of poverty and the relief of financial hardship the same. Generally speaking, it is likely to be charitable to relieve either the poverty or the financial hardship of anyone who does not have the resources to provide themselves, either on a short or long-term basis, with the normal things of life which most people take for granted. Examples of ways in which charities might relieve poverty include: grants of money; the provision of items (either outright or on loan) such as furniture, bedding, clothing, food, fuel, heating appliances, washing machines and fridges; payment for services such as essential house decorating, insulation and repairs, laundering, meals on wheels, outings and entertainment, child-minding, telephone line, rates and utilities; the provision of facilities such as the supply of tools or books, payments of fees for instruction, examination or other expenses connected with vocational training, language, literacy, numerical or technical skills, travelling expenses to help the recipients to earn their living, equipment and funds for recreational pursuits or training intended to bring the quality of life of the beneficiaries to a reasonable standard; the provision of money management and debt counselling advice are examples of the ways in which charities might help prevent poverty... "*

*('Charitable Purposes', Charity Commission, September 2013)*

Accordingly, to meet its poverty related objects, Support Network aims to prevent or relieve poverty by providing financial grants and/or non-financial support services to eligible individuals in 'need' due to experiencing difficulties in their lives, such as poor mental health, accidents, ill health, disability, bereavement, unemployment, relationship breakdown, the separation of families, meeting the care needs of others, and/or subsequently returning to employment after attending to any of the same. Thus in addition to cash grants and interest-free secured loans, Support Network also provides specialist advice, information, guidance, facilitated peer mentoring, employment coaching, counselling, loneliness support, respite breaks, and memberships of autism and dyslexia support groups. At a detailed level this can include:

- Grants to disabled or financially disadvantaged undergraduates, Apprentices, Diploma and other students up to and including those pursuing a PhD, to enable them to complete their studies and thus to become self-sufficient, ideally via careers in mechanical engineering.
- Professional employment coaching support to those who are unemployed, at risk of redundancy, and/or to improve job seeking prospects, including post career-break.
- One-off payments for purpose specific expenditure, e.g. disability equipment.
- Time limited, 'breathing space' grants to address temporary or transitional difficulties.
- Interest-free secured loans to homeowners e.g. to assist with essential works or disability.
- Debt and money advice.
- Themed payments to assist with particular expenditure e.g. Winter Warmth.
- Specialist advice in respect of autism, dementia, care and the associated demands of meeting these needs.
- Provision of respite breaks and outings for carers and the cared for, either together or separately.
- A telephone befriending and social visits service to reduce social isolation and loneliness.
- Educational, and/or life enhancing experiences for disabled children, or at times of parental separation/ reduced financial circumstances.
- Contributions towards meeting buildings and contents insurance costs.
- Grants for furniture, bedding, clothing, food, heating appliances, washing machines, fridges etc.
- Fuel grants and energy efficiency advice to ensure that homes are safe and warm.
- Telephone, broadband and online access grants to promote social inclusion.
- Home emergency alert systems and other adaptations to enable independent living.

- Self-access online information guides.
- General and legal advice in respect of everyday, and/or court related problems, ensuring that information needs are readily met and/or potential options for action are identified in a timely manner.
- Contributions to necessary specialist health care not publicly available.
- The provision of equipment for disabled people.
- New baby grants for essential items, and support for new parents facing difficulties e.g. adapting to change, post-natal depression.




In deciding what assistance to offer, the Trustees assess the needs of each applicant against their individual circumstances, including their social and economic conditions. They recognise that poverty is a relative concept, and what constitutes poverty in an affluent society is very different in absolute terms from poverty in a developing country. In this regard, and especially as much more can be understood from a face to face conversation at the applicant's home, the Trustees place considerable weight on the report and recommendations made by the Visitor, recognising that, particularly internationally, those based locally are better able to judge what is an appropriate and reasonable standard for the basic necessities of life. Mental health difficulties are also taken into account, and very often, a series of visits will be required to fully support applicants for whom mental health difficulties are an ongoing issue. Where possible all services are equally available, irrespective of geographical location, e.g. Support Network uses an employment specialist partner that can provide their services on a worldwide basis through the use of online resources, email and/or Skype/similar contact.

In seeking to expand the charitable objectives, the Trustees had due regard to the Charity Commission guidance on public benefit and accordingly decided to commence funding projects which will increase the reach of those assisted to be beyond the defined eligible group of IMechE members and their relatives. As such, the charity can now reach further in undertaking work to meet its objectives, and in 2020 made the first of these foundation funding grants to Global Green Grants UK as outlined on the next page.

## ACHIEVEMENT AND PERFORMANCE

Projects planned for 2020 were:

**Undertake a holistic casework approach with recipients of Newly Qualified grants and/or those on childcare leave; plus with members who are experiencing difficulties at work due to own or family disability; physical or mental health issues; possible redundancy or household debts.** During 2020 we were able to spend more time with each individual applicant due to the expansion of the staff team as our Operations Manager completed her first full year in post, bringing much needed additional capacity in service delivery to individuals. We were also able to embed the Newly Qualified service with successful applications being received in most months throughout the year. By working with prospective applicants, we were able to refine and reshape our programme offer and communications about the same to increase the number of enquiries resulting in practical and financial help and to ensure that we were providing the most appropriate response.

**Recruit, train and retain an expanded volunteer team and place their support at the heart of the organisation through helping people more.** Due to the UK lockdown in March 2020 we had to stop all in person visits. Accordingly, none of the volunteers have resumed visits, except for of a couple of social visits undertaken outdoors during the summer when this was temporarily permitted as all visits were stopped again for the second national lockdown and won't be starting again until it is safe for the volunteer and applicant. We have moved all 'visits' to telephone calls or online Teams calls so that we can continue to assist those applying for a grant, and our plan is to develop a hybrid volunteering programme with a mixture of visits, Teams Calls and phone calls as our standard means of 'visiting'. This will allow us to develop a slightly different approach where we can better match the volunteer to the applicant e.g. considering the volunteer's areas of expertise and skills, applicant preferences, rather than just looking at location and reduce the instances of geographical gaps where there is either a volunteer and no applicant to help or vice versa. During 2020 we have been conscious about maintaining volunteer morale and engagement once it became clear that we would not be back visiting as soon as we had hoped. We have done this through continued communication and we will build on this with the development of different volunteering opportunities. Throughout 2020 we have embedded the weekly blog and the quarterly newsletter circulated to all volunteers. Despite no in person visits being possible, we nevertheless recruited new volunteers and created a new online series of training events to integrate them into the organisation.

**Implement a new online database (Icaris) to replace our existing Access-based one. This should enable wider impact measurement and reporting of grants and services provided.** The initial phase of this project was completed in February 2020, just weeks before the first UK lockdown was implemented. Having a new cloud based system enabled the organisation to continue to provide services and grant support to applicants on an uninterrupted basis, given that home working could be undertaken in a relatively seamless manner. Throughout 2020 we continued to customise and improve the reporting functionality to enhance our impact measurement for 2021.

**Make our first grants for new social investment/foundation giving initiative and monitor the performance and impact of these as applicable.** The need to respond to the pandemic and adapt our working methods accordingly led to a postponement of some of our planned 2020 activities in respect of grant making to organisations. We had investigated working in schools but decided to put that initiative on hold whilst school openings were so uncertain. Similarly, some of our other potential partners (e.g. international engineering innovation) faced new competing demands which prevented a timely progression of our working together, which the result of this being planned for 2021 instead. However, during December 2020 we were able to make our first foundation grant, awarding £25,000 to Global Green Grants UK, an international development charity

working with community led grassroots organisations in the global south. We are supporting their Local Livelihoods theme in Africa and India.

**Continue to ensure that diversity and inclusion are integral to all that we do.** During 2020 the pandemic related lockdown forced us to rethink our service delivery model. Homeworking and online meetings which were previously not part of our main way of working have since become the norm. This has enabled us to reach and engage with many more applicants and service users in a direct and meaningful way, as we can adapt to their preferred access needs. Accordingly, this is something that we will retain going forward. We are actively recruiting for our first internationally based Trustee to join our Board in 2021 as we are more confident that we can offer an integrated experience and learn from the same. We will build on this to introduce webinars and other online based resources during 2021. We continued to offer disability related memberships to the British Dyslexia Association, Anxiety UK and the National Autistic Society and the number of counselling referrals increased. We prioritised our social visiting service during 2020 through also moving these 'visits' online and increasing the number of telephone calls made in order to reduce the social isolation felt by many during lockdown.

**During 2020 we will continue to monitor and anticipate the effects of the COVID-19 pandemic, and adjust our service delivery and project funding accordingly, especially in respect of our international members, students entering the 20/21 academic year, and members employed in mechanical engineering sectors that are under pressure.** During the Spring of 2020 the organisation received an increase in enquiries about applying for support from students who had been 'locked out' of university facilities – often at very short notice – denying them access to IT services which they required in order to meet academic deadlines. Where possible, these requests for assistance were met, with many receiving laptops and or software so that they could complete their studies. Internationally based students also received help. Members who faced redundancy we referred to our employment coaching service, with many applicants also looking to retrain into different branches of the profession. We tried to assist where homeworking and home schooling brought new pressures on households and assisted in restructuring debt payments. Whilst the furlough scheme remains in place, often supporting the relatives and dependants of members we are yet to see the full impact of the lockdown closures per se, however, this might also lead to an increase in requests during 2021.

## SERVICE USER FEEDBACK

Service users regularly tell us that our interventions make a positive difference to them and their family. Additional examples received during 2020 include:

"It was only a few weeks ago when I was contacting you about the floods, thank you for your help with that, the insurance company have been in touch and I am absolutely fine, tucked away here, and doing my best to stay fine. With the news of the virus I've decided to isolate myself before everyone else as it seems obvious to me where things are going, and my best contribution would be to retreat. I think I felt empowered by looking at the evidence and taking seriously my own responsibility for myself. That was strengthened by my family's almost audible sighs of relief! Thank you for your continued contact and support, I spend a great deal of time alone anyway but its good to know that with your help my home is comfortable and cupboard stocked. My son is nearby but is staying outside, I have the regular telephone calls from your volunteer so all in all I'm faring well..."

"Sadly this is the second time that I have needed to use the employment coaching services. It has been a blow to lose my job so soon after re-entering the job market, but then the pandemic is affecting so many people in my position. This time the service has exceeded my expectations, as the coach has been so patient in listening to my setback and sense of failure.

She is helping me consider my strengths and weaknesses and to enhance my LinkedIn profile and presentation style. The guidance on improving my CV has given me more self confidence and belief – thank you for helping me again..."

"Yes, I've graduated! I cannot thank you enough for helping me to complete my final year. When campus closed overnight I was thrown into a panic, not sure how to progress completing my dissertation, and I thought that I would also lose the job I had lined up for September. It all seems so much brighter now, especially with the grant for my relocation costs. I am so grateful."

**FINANCIAL REVIEW**

Support Network has three main sources of income: (a) donations received from IMechE members during the year, with associated Gift Aid receipts where applicable; (b) legacy and in memoriam gift donations; and (c) investment portfolio gains, received as divided income. (Capital gains are also obtained from the investment portfolio, and where funds are held as 'accumulation units' any receipts are automatically reinvested into the investment holding, rather than drawn as income *per se,* in order for the same to hold long-term value against changes in inflation over time). Support Network has an unrestricted investment fund which is invested to provide a regular and reliable source of income for Support Network. The Trustees are legally bound to promote the best long-term interests of Support Network and to make adequate provision for both present and future beneficiaries. The overall investment policy is to obtain the best financial return from Support Network's assets, consistent with acceptable risk. To achieve this, the given powers of investment will be exercised so that the assets yield the best long-term return by way of both income and capital appreciation, judged in relation to the risks of investment. The portfolio is diversified in respect of asset class, geographical exposure and investment managers.

**1) Results**

The net deficit for the year ended 31 December 2020 was £21,921. Expenditure was £705,278.

**2) Voluntary income**

- Donations, subscriptions and bequests
- Dividends and interest from an investment portfolio

Voluntary income, comprising donations and bequests, were received at a value of **£288,368** (2019: £294,751). In 2020, dividends and interest from the investment portfolio amounted to **£901,425** (2019: £1,001,249). The Trustees largely continued the strategy to hold Support Network's equity-based investments in accumulation units, (rather than drawing an income stream from the same), in order to offset any losses in capital value, and hence to help to preserve funds for the future, save for the COIF Charifund holding where the dividend was drawn in order to provide greater operational income during the financial year. The Trustees again decided to meet any final operational deficit at the year end, through drawing from the reserves, rather than limiting grant or service provision expenditure in year. From the total expenditure **99%** was spent on charitable activities (99% in 2019). This included charitable grants of **£346,514** (2019: £297,354).

### 3) Investment Portfolio

The allocation of Support Network's investment portfolio at the close of 2020 was:

| VALUE | ASSET | INVESTMENT | BENCHMARK |
|---|---|---|---|
| 29.8% | Equities | M&G Charifund | FTSE All Share Index |
| 36.2% | Equities | M&G Global Dividend Fund | FTSE All Share Index |
| 14.4% | Equities | Fidelity Institutional Funds | FTSE All Share Index |
| 10.4% | Multi Asset | Cazenove Charity Multi Asset Fund | FTSE All Share Index |
| 6.5% | Property | Charities Property Fund | HSBC PUT Index |
| 2.7% | Equities | COIF Investment Fund | FTSE All Share Index |
| 0.5% | Cash | COIF Deposit Fund | London Interbank Rate |
| 0.0% | Bonds | COIF Fixed Interest Fund | WM Co. UK Bonds |

Given the low interest rates now offered on cash deposits, the amount held in the COIF Deposit Fund has been maintained at a low level.

### 4) Social, environmental or ethical constraints

In the annual review of investment policy for the charity, the Trustees considered whether there should be any social, environmental or ethical considerations to impose constraints on where Support Network should invest, and decided that there were none. Trustees discussed the potential for positive screening, (e.g. to directly invest in mechanical engineering companies), with a decision made to explore this via the prospective foundation giving/social investment approach that was commenced during 2020 and which will be broadened into 2021.

### 5) Reserves Policy and Designated Fund

Support Network is a 'closed' charity in that it does not actively seek funding from outside the membership of the Institution of Mechanical Engineers. Each year, a significant proportion of the charity's income is derived from annual and irregular donations, and bequests. Legacy income, however, is very uncertain, as are the levels of donations *per se,* it cannot be guaranteed that voluntary donation levels will be repeated (or increased) year on year. In order to safeguard the ongoing provision of grants to current beneficiaries, and to cover non-discretionary expenditure, (such as salaries, pension contributions, rent), the Trustees hold reserves at a minimum level of one year's average expenditure. In anticipation of increased grant giving and/or social investment initiatives, it has been agreed to increase the level of reserves from £1,000,000 to £2,000,000.

Additionally, during 2020, Trustees agreed to create a designated fund to meet operational expenditure 'in perpetuity' and set this fund at £8,000,000. As at 31 December 2020, total funds exceeded this combined £10,000,000 amount.

Accordingly, the Trustees are confident that the new foundation giving approach can be further implemented and established, as the level of immediate and long-term reserves has been more than achieved, and this is an active strategy in order to best use some of these resources. (The Trustees had carefully monitored the effects of implementing the investment portfolio changes made during 2012/13, and consolidated this during the subsequent portfolio review undertaken during 2018). The reserves policy is reviewed annually, taking into account the latest forecasts of income, expenditure and changes in grant making policy.

### 6) Grant Making Policy

All grants made in 2020 were for the benefit of individuals, save for one foundation grant that is detailed below. In 2020, 417 members contacted us for the first time (2019: 500), their requests including help with finances, employment coaching, dyslexia support, social visits or legal advice. During the year 852 grant payments were made. All grants and support decisions were either determined/confirmed by the Grants Committee, (which met twice during the year), or were initially made by the staff team, and subsequently authorised by a designated Trustee through the Office Decisions process. All proposed Office Decisions were made available on a password restricted basis to Trustees via the Extranet, to allow Trustees to see whether they agreed with the decisions made by the staff. Considerable care is taken to ensure that applicants are able to apply for all welfare benefits, state support and/or other third party assistance that they might be entitled to, before charitable grants are made. Support Network aims to make a positive impact and difference on the lives of people who are assisted, and accordingly at the outset of providing support, the avoidance of creating long-term dependency is paramount, so that wherever possible, people are helped to help themselves.

Examples of grants awarded included: allowances towards fuel and utility costs; travelling expenses for visiting people in hospital or nursing care; television licence fees; telephone calls; computer equipment, broadband and wifi access; crisis payments to relieve sudden unanticipated financial needs; replacement items such as washing machines, cookers, fridges, heating appliances; health and medical equipment; powered mobility vehicles; essential house repairs and insulation; adaptations to the homes of disabled people; gardening costs for older people; care help at home; personal emergency alarms; arrangements for respite care and the costs of respite breaks; and assistance towards residential and care home care costs.

A separate programme of grants is available for disabled or disadvantaged Apprentices, undergraduates, and other students who are IMechE members, irrespective of where in the world they live or study. A 'Newly Qualified' fund is available for IMechE members in the first three who have completed their studies or training in the immediate past three years, which seeks to ease the transition into the world of work.

During 2020, we made our first foundation funding grant of £25K to Global Green Grants UK to assist with their Protecting Local Livelihoods theme in Africa and India. This forms part of how we will meet our expanded charitable objectives in respect of using engineering to relieve poverty.

### 7) Pension Funds

All current Support Network staff are enrolled in the IMechE's contribution based pension scheme which is operated by Scottish Widows plc. During 2020, the employer rate was 10% (2019: 10%). The company used to operate a defined benefit scheme which is now closed. As prescribed by FRS 102, the funding level of the defined benefit pension fund must be disclosed. After an actuarial report carried out for the IMechE consolidated accounts to 31st December 2020, the pension fund was 86% funded.

## 8) COVID-19 AND ITS IMPACT ON THE CHARITY

In common with most investors, during the Spring of 2020 the organisation experienced a significant decrease in the value of our portfolio, though with good stewardship we were able to recover the ground lost to finish the financial year in roughly the same place that we had started it. In service operational terms we had immediate requests for help from students and international members, and where we felt we could, we adapted our support to meet the challenge of these unexpected circumstances. The introduction of homeworking and digital meetings have enabled the organisation to continue operating in a largely uninterrupted fashion from an applicant perspective, despite changes for the staff and volunteer team. We have introduced more regular contact to try and meet the mental health pressures experienced by members, and closely watch industry developments to be aware of any emerging sector-specific industry needs.

## Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Trustees 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 charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Trustees 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 charitable company will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

Each of the persons who is a Trustee at the date of approval of this report confirms that:

- So far as each Trustee is aware, there is no relevant audit information of which the company's auditor is unaware; and
- Each Trustee has taken all steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

## PLANS FOR FUTURE PERIODS

Looking forward to 2021 and beyond, Support Network plans to continue the activities outlined above subject to satisfactory levels of funding. Particular developments and areas of focus for 2021 include:

- *PRIORITISE MENTAL HEALTH INITIATIVES:* In addition to promoting positive and/or preventative measures to maintain good mental health and wellbeing, expand current offering to take a wide interpretation of mental health issues and potentially start to assist with issues relating to: loneliness; sleep disturbance; poor nutrition; counselling needs; relationship breakdown; parenting support; gambling; substance abuse; anxiety; and effects of coping with the pandemic.

- *ASSIST WITH ENGINEERING CAREER FUTURES:* Focus on our Student, Apprentice, and Newly Qualified grant programmes, plus employment training, career break return and mentoring support, with a core response to members at risk of/experiencing redundancy to enable them to enter, re-enter or remain in engineering or related paths.

- *FOUNDATION GRANT-MAKING:* Build on our 2020 work and experience in this area, monitoring the impact of those made and learn from them, in order to make more grants during 2021, ideally across each of the strands of education, engineering innovation and international development.

- *PLACE DIVERSITY & INCLUSION AT THE HEART OF ALL THAT WE DO*: Increase our international reach to individual IMechE members in respect of services, grants, volunteering and Trustee opportunities through adapting our processes to remove barriers to engagement with us e.g. establishing digital working as our effective norm. Continue to undertake an holistic approach to casework ensuring that additional issues such as disability, carer responsibilities, physical or mental health issues; possible discrimination at work are identified - even when these are not the presenting problem – and increase our effective responses to the same.

- *PANDEMIC RESPONSE:* During 2021 we will continue to meet the challenges brought by the effects of the COVID-19 pandemic on our service users, donors, grantees, volunteers and organisation. We will do this through: adjusting our service delivery and project funding accordingly; review and align investment portfolio holdings as appropriate; maintaining our internal support to volunteers; reviewing our internal processes to respond to new and emerging needs; and remaining open to change.

**IN APPRECIATION**

The Trustees would like to convey their sincere thanks to the many volunteers who have so generously given their time in support of Support Network. They would also like to express their thanks to the staff, who have continued to work effectively throughout the year, despite difficulties and changes required due to the COVID-19 pandemic and related lockdowns. The combined team of staff and volunteers make it possible to continue the charity's essential work of relieving poverty whilst minimising administrative overheads. Gratitude is also expressed to IMechE colleagues for their support and assistance throughout the year. With the continued contribution of this combined team, Support Network looks forward with confidence to enhancing the lives of IMechE members and their dependents who find themselves in need of assistance, and additionally to extending and expanding our foundation funding work.

**This report was approved by the Trustees on July 2021 and signed on their behalf by:**

Bruce Dagley, Chair

Andrew Rowland, Treasurer

**Reference and Administrative Information**
Name: The Benevolent Fund of the Institution of Mechanical Engineers **(Support Network)**
Charity Reg. No.209465 Company Reg. No.130981
Registered Office: 3 Birdcage Walk, London SW1H 9JJ

| Trustees | | Committees | TB Mtgs Attended | Notes |
|---|---|---|---|---|
| Chair *(part year)* | Brian Cooke | 1,2,3,6 | 2 | *Retired as Trustee/Chair 17 July 2020* |
| Chair *(part year)* | Bruce Dagley | 1,3,7 | 4 | *Elected Chair 17 July 2020* |
| Deputy Chair | Anne Woodbridge | 1,2,6 | 4 | |
| Deputy Chair | Christian Young | 1,7 | 4 | |
| Treasurer | Andrew Rowland | 1,3 | 2 | *Elected Trustee/Treasurer 17 July 2020* |
| Trustee | Tony Frater | 1,7 | 4 | |
| Trustee | Nicole Rinaldi | 1,4 | 4 | |
| Trustee | Sarah Templey | 1,2,9 | 4 | |
| Trustee | Chris Taylor | 1,2 | 4 | |
| Trustee | Christine Clark | 1,3,7 | 4 | |
| Trustee | John Cornforth | 1,6,8 | 4 | |
| Trustee | Chirantan Shukla | 1,3 | 3 | |
| Trustee | Farah Baksh | 1,5 | 2 | *Elected Trustee 17 July 2020* |
| Chief Executive & Company Secretary | Anni Broadhead | 1,2,3,4,5 | | |

**Key to Committees**

1 Member of the Grants Committee
2 Member of the Personnel Committee
3 Member of the Finance Committee
4 Lead on Communications
5 Lead on IMechE relations
6 Member of the New Application Panel
7 Member of the Student & Apprenticeship Panel
8 Member of the Office Decision Panel
9 Lead on General Data Protection Regulations

**Key Management Personnel**

The Trustees have delegated significant authority and responsibility in the day-to-day running of the charity to the Chief Executive, Anni Broadhead.

**Investment Managers:**
Cazenove Schroder & Co. Limited, 31 Gresham Street, London EC2V 7QA
CCLA Investment Management Limited, 80 Cheapside, London EC2V 6DZ
Cordea Savills LLP, 33 Margaret Street, London W1G 0JD
Fidelity International, 130 Tonbridge Road, Tonbridge, Kent, TN11 9DZ
M&G Ltd, Laurence Pountney Hill, London EC4R 0HH

**Bankers:** NatWest Bank plc, 38 Strand, London WC2N 5JB
**Auditors:** Moore Kingston Smith LLP, Devonshire House, 60 Goswell Road, London, EC1M 7AD
**Solicitors:** Bircham Dyson Bell, 50 Broadway, London SW1H OBL

## Opinion

We have audited the financial statements of The Benevolent Fund of the Institute of Mechanical Engineers ('the company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, 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 FRS 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 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 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 charitable company'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 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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report have 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit. or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 13, 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 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 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**

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 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.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council

- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.

- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

- Based on this understanding, we undertook audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**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 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Luke Holt (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor
Date:

Devonshire House
60 Goswell Road
London
EC1M 7AD

## The Benevolent Fund of the Institution of Mechanical Engineers

### Statement of Financial Activities
### For the year ended 31 December 2020

| | Notes | Total (Unrestricted) General Funds 2020 | Total (Unrestricted) Designated Funds 2020 | Total (Unrestricted) Funds 2020 | Total (Unrestricted) Funds 2019 |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Income and Endowments from:** | | | | | |
| ***Donations and Legacies*** | | | | | |
| Donations, bequests | 1 | 288,368 | - | 288,368 | 294,751 |
| ***Investments*** | | | | | |
| Interest & dividends | 2 | 901,425 | - | 901,425 | 1,001,249 |
| **Total** | | 1,189,793 | - | 1,189,793 | 1,296,000 |
| **Expenditure on:** | | | | | |
| Raising funds | | 7,242 | - | 7,242 | 7,274 |
| Charitable activities | 3 | 698,036 | - | 698,036 | 655,277 |
| **Total** | | 705,278 | - | 705,278 | 662,551 |
| Net gains / (losses) on investment assets | 9 | (506,436) | - | (506,436) | 3,741,555 |
| ***Net income / (expenditure)*** | | (21,921) | - | (21,921) | 4,375,004 |
| **Transfers** | 14 | (8,000,000) | 8,000,000 | - | - |
| ***Net movement in funds*** | | (8,021,921) | 8,000,000 | (21,921) | 4,375,004 |
| **Reconciliation of funds:** | | | | | |
| Total funds brought forward | 14 | 31,169,920 | - | 31,169,920 | 26,794,916 |
| **Total funds carried forward** | 14 | 23,147,999 | 8,000,000 | 31,147,999 | 31,169,920 |

All income and expenses derive from continuing operations and relate to general funds.

The notes numbered 1 to 21 form part of these accounts.

# The Benevolent Fund of the Institution of Mechanical Engineers

## Balance Sheet
## For the year ended 31 December 2020

| | Notes | Total Funds 2020 £ | Total Funds 2019 £ |
|---|---|---|---|
| **Fixed Assets** | | | |
| Tangible assets | 8 | 1,322 | 2,907 |
| Investments:- | | | |
| Stock Market Investments | 9 | 30,137,262 | 30,306,756 |
| *Total fixed assets* | | 30,138,584 | 30,309,663 |
| **Current Assets** | | | |
| Debtors | 12 | 54,934 | 62,384 |
| Cash at bank and in hand | 11 | 83,776 | 61,311 |
| Loans (due after more than one year) | 10 | 1,003,277 | 861,708 |
| *Total current assets* | | 1,141,987 | 985,403 |
| **Liabilities** | | | |
| Creditors: - amounts falling due within one year | 13 | 132,572 | 125,146 |
| | | 132,572 | 125,146 |
| ***Net current assets*** | | 1,009,415 | 860,257 |
| ***Total assets less current liabilities*** | | 31,147,999 | 31,169,920 |
| **The funds of the charity:** | | | |
| Unrestricted funds | | 23,147,999 | 31,169,920 |
| Designated funds | | 8,000,000 | - |
| | | 31,147,999 | 31,169,920 |

The accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and in accordance with the provision of the Financial Reporting Standard 102.

These financial statements were approved by the Trustee Board on July 2021 and signed on its behalf by:-

Bruce Dagley, Chair

Andrew Rowland, Treasurer.

Members of the Trustee Board

The notes numbered 1 to 21 form part of these accounts.

Company Number 130981

# The Benevolent Fund of the Institution of Mechanical Engineers

## Statement of Cash Flows
## For the year ended 31 December 2020

| | Notes | 2020<br>£ | 2019<br>£ |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| *Net cash used in operating activities* | | (542,018) | (236,120) |
| **Cash flows from investing activities:** | | | |
| Dividends and interest from investments | | 569,223 | 282,527 |
| Bank interest received | | 77 | 122 |
| Purchase of tangible fixed assets | | - | - |
| Purchase of Investments | | | (265,000) |
| Proceeds from sale of investments | | 5,284 | 215,000 |
| Change in cash held by investment manager | 11 | (10,101) | (50,360) |
| **Net cash provided by investing activities** | | 564,483 | 182,289 |
| *Change in cash and cash equivalents in the reporting* | | 22,465 | (53,831) |
| *Cash and cash equivalents at the beginning of the reporting period* | | 61,311 | 115,142 |
| *Cash and cash equivalents at the end of the reporting* | | 83,776 | 61,311 |

**Reconciliation of net (expenditure)/income to net cashflow from operating activities**

| | £ | £ |
|---|---|---|
| **Net (expenditure)/income for the reporting period** | (21,921) | 4,375,004 |
| Adjustments for: | | |
| Dividends, interest from investments | (901,425) | (1,001,249) |
| Depreciation charges | 1,585 | 1,585 |
| Decrease / (increase) in debtors | (134,119) | 51,449 |
| Increase / (decrease) in creditors | 7,426 | 78,646 |
| Gains / (losses) on investments | 506,436 | (3,741,555) |
| **Net Cash used in operating activities** | (542,018) | (236,120) |

**Net Debt Note**

| | 31/12/2019 | Cashflows | 31/12/2020 |
|---|---|---|---|
| Cash | 61,311 | 22,465 | 83,776 |
| | **61,311** | **22,465** | **83,776** |

# Accounting Policies
# For the year ended 31 December 2020

## ACCOUNTING POLICIES

The Charity is a private limited company (Charity Reg. No 209465, Company Reg. No 130981), which is incorporated and domiciled in the UK and is a public benefit entity. The address of the registered office is: 3 Birdcage Walk, London SW1H 9JJ.

A Summary of the accounting policies which have been applied consistently is set out below.

### a) BASIS OF ACCOUNTING

The accounts (financial statements) have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS102 the Financial Reporting Standard, including Update Bulletin 2, applicable in the UK and Republic of Ireland, the Companies Act 2006, and the UK Generally Accepted Practice as it applies from 1 January 2015. The accounts comply with applicable charity and company law in England and Wales.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound. The financial statements have been prepared on the historical cost convention, modified to incorporate the revaluation of investments.

### b) GOING CONCERN

The financial statements have been prepared on a going concern basis. The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the entity to continue as a going concern. The trustees has considered the impact of COVID-19 on the investment portfolio and investment income generation to be short term. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. The trustees conclude there is a reasonable expectation that the Fund has adequate resources and unrestricted reserves/cash balances to continue in operational assistance for the foreseeable future. The Fund therefore continues to adopt the going concern basis in preparing its financial statements.

### c) FUND ACCOUNTING

The financial statements make reference to Total Funds. These funds are unrestricted and therefore can be drawn on when required.

All monies received, subject to the express direction otherwise by the donor or testator, will be added to these funds. As at the 31 December 2019, the Trustee board received no monies that are subject to express direction.

### d) FINANCIAL ASSETS

The Charity has elected to apply the provisions of Section 11 "Basic financial instruments" of FRS102 to all of its financial instruments. Financial assets are recognised in the company's statement of financial position when the Charity becomes party to the contractual provisions of the Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

**Loan and receivables**

Life-time interest free loans are made to approved beneficiaries which are repayable only from the estate of the beneficiary or, in the case of joint loans, from the estate of the second surviving partner. These are accounted for at cost.

**Impairment of financial assets**

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

## e) FINANCIAL LIABILITIES

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

## f) INVESTMENTS

Investments are stated at fair value at the balance sheet date. The statement of Financial Activities includes the net gains and losses on revaluation and disposals of investment funds throughout the year.

## g) TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost (a capitalisation limit is in place of £1,000) less depreciation calculated at rates intended to write off their cost less estimated residual value over the period of their estimated useful lives at the following rates:

| | |
|---|---|
| Furniture | 20% per annum on written down value |
| Equipment | 33% per annum on cost |

## h) RESOURCES EXPENDED

Expenditure is accounted for on an accruals basis inclusive of any VAT which cannot be recovered. Expenditure is recognised once there is legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and can be measured reliably. Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure. Support costs are allocated between the categories of expenditure depending on their nature.

## Accounting Policies
## For the year ended 31 December 2020

### i) INCOMING RESOURCES

Incoming resources are recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and likelihood of receipt is probable. Bank interest is accounted for in the period for which the charity is entitled to receipt.

Legacies are recognised when all the criteria have been met; entitlement when probate has been granted and the executor(s) of the estate have established that there are sufficient assets in the estate, after settling liabilities to pay legacy income; the value is reliably measured and the likelihood of receiving the legacy is probable.

### j) POST-RETIREMENT BENEFITS

The charitable company has associated member status in the pension scheme operated by the Institution of Mechanical Engineers which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the charitable company. The charitable company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period.

### k) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements, nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

## Notes to the Accounts
## For the year ended 31 December 2020

| 1 | **Incoming Resources** | **2020** | **2019** |
|---|---|---|---|
| | | £ | £ |
| | Donations & Gift Aid Reclaim | 285,453 | 292,848 |
| | JP Dudin Bequest | 2,915 | 1,903 |
| | | 288,368 | 294,751 |

| 2 | **Investment Income** | **2020** | **2019** |
|---|---|---|---|
| | | £ | £ |
| | Dividends & loan stock interest - UK investments | 901,348 | 1,001,127 |
| | Bank Interest | 77 | 122 |
| | | 901,425 | 1,001,249 |

| 3 | **Charitable Activities** | **2020** | **2019** |
|---|---|---|---|
| | | £ | £ |
| | Grants for the relief of poverty | 346,514 | 297,354 |
| | Allocation from support costs (note 4) | 351,522 | 357,923 |
| | | 698,036 | 655,277 |

All grants were made to individuals. During the year there were 417 beneficiaries (2019: 500).

| 4 | **Support Cost** | **2020** | **2019** |
|---|---|---|---|
| | | £ | £ |
| | Training Volunteers | 2,188 | 5,837 |
| | Staff Costs | 238,746 | 200,194 |
| | Grants committee expenses | 23 | 1,506 |
| | Visiting beneficiaries | 915 | 4,358 |
| | Publications | 1,044 | 985 |
| | Printing & Stationery | 1,734 | 1,578 |
| | Postage & telephone | 2,663 | 2,298 |
| | Communications & database | 29,261 | 35,168 |
| | Depreciation | 1,585 | 1,585 |
| | Extranet for use by Volunteers | 204 | 2,153 |
| | Accommodation charges | 25,806 | 25,806 |
| | Accounting & Computer Services | 25,524 | 25,524 |
| | Travel & subsistence | 362 | 530 |
| | Bank charges | 1,375 | 1,679 |
| | Subscriptions to professional bodies | 2,020 | 2,732 |
| | Sundry | 1,899 | 417 |
| | Loan write off | - | 22,694 |
| | Allocation from governance costs (note 5) | 16,173 | 22,879 |
| | | 351,522 | 357,923 |

The reason for the allocation of support and governance costs here is that the significant proportion of these costs relate to Charitable activities.

## Notes to the Accounts
## For the year ended 31 December 2020

| 5 | **Other: governance costs** | **2020** | **2019** |
|---|---|---|---|
| | | £ | £ |
| | Audit fee (current year inc VAT) | 9,920 | 9,540 |
| | Legal Fees | 1,776 | 1,933 |
| | Committee expenses | 2,502 | 9,518 |
| | Compliance costs & insurance | 1,975 | 1,888 |
| | | 16,173 | 22,879 |

No payments have been made to the auditor or their associates in respect of non-audit work during the year.

| 6 | **Staff** | **2020** | **2019** |
|---|---|---|---|
| | Staff costs comprise:- | £ | £ |
| | Salaries and other emoluments | 194,180 | 164,712 |
| | Social security costs | 18,845 | 15,947 |
| | Other pension costs | 24,666 | 16,612 |
| | Training | 1,055 | 2,923 |
| | | 238,746 | 200,194 |

Those earning over £60,000 in the year are:

| | **2020** | **2019** |
|---|---|---|
| £60,001 to £70,000 | - | - |
| £70,001 to £80,000 | 1 | 1 |

The total amounts paid in respect of key management personnel in 2020: £80,759 (2019: £84,824 ) and pension contribution of these high paid employees was in 2020: £6,703 (2019 £7,934 ).

The average monthly number of persons (including directors) employed by the company during the year was 4 (2019 - 4)

| 7 | **Trustee Board** | **2020** | **2019** |
|---|---|---|---|
| | | £ | £ |
| | Travel and subsistence expenses paid | 2,502 | 9,518 |
| | | No. | No. |
| | Number of members who claimed | 8 | 12 |

No member of the Committee received any remuneration in respect of services to the Fund for the year.

| 8 | **Fixed Assets - Furniture and Office Equipment** | **2020** | **2019** |
|---|---|---|---|
| | Cost | £ | £ |
| | At 1 January | 43,052 | 43,052 |
| | Additions | - | - |
| | At 31 December | 43,052 | 43,052 |
| | Depreciation | | |
| | At 1 January | 40,145 | 38,560 |
| | Amount provided | 1,585 | 1,585 |
| | At 31 December | 41,730 | 40,145 |
| | Net Book Value at 31 December 2020 and 31 December 2019 | 1,322 | 2,907 |

## Notes to the Accounts
## For the year ended 31 December 2020

| 9 Investments (at market value) | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| J P Dudin income account | - | 1,283 |
| M&G Chari Fund Accumulation Units | 8,930,862 | 10,711,979 |
| M&G Global Dividend Fund Accumulation Units | 10,864,626 | 9,842,408 |
| Fidelity Fund Shares | 4,314,304 | 3,812,607 |
| Cazenove Charity Multi Asset Fund Income Units | 3,117,705 | 3,032,214 |
| Charity Property Fund Income Units | 1,952,738 | 2,004,412 |
| CCLA COIF Charities Investment Fund Income Units | 814,483 | 765,523 |
| CCLA COIF Fixed Interest Fund Units | - | 3,887 |
| Total | 29,994,718 | 30,174,313 |

All investments are listed UK securities.

| Movements of investments | 2020 Capital £ | 2019 Capital £ |
|---|---|---|
| Market value at 1 January | 30,174,313 | 25,664,159 |
| Purchases and accumulations | 332,125 | 1,502,051 |
| Disposal proceeds | (5,284) | (733,452) |
| Net investment gain/(loss) | (506,436) | 3,741,555 |
| | 29,994,718 | 30,174,313 |
| Cash with investment manager | 142,544 | 132,443 |
| Market value at 31 December | 30,137,262 | 30,306,756 |
| | | |
| Historic costs at 31 December | 19,400,980 | 19,074,139 |
| Unrealised investment gains at 31 December | 10,736,282 | 11,232,617 |

| 10 Loans | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Brought forward 1st January | 861,708 | 792,523 |
| Additions | 165,465 | 96,449 |
| Repayments | (23,896) | (4,570) |
| Written off | | (22,694) |
| Carried forward 31st December | 1,003,277 | 861,708 |

These loans are interest free and are repayable to the Benevolent Fund from the estate of the beneficiaries in more than one year. The amount of provided unsecured loans in 2020 was £126,020 (2019: £110,020).

| 11 Analysis of Changes in Cash | 2020 | Cash flow | 2019 |
|---|---|---|---|
| | £ | £ | £ |
| Cash at bank and in hand | 83,776 | 22,465 | 61,311 |
| Cash with investment manager - see note 9 | 142,544 | 10,101 | 132,443 |
| | 226,320 | 32,566 | 193,754 |

| 12 Other Debtors | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Amounts due from the Institution of Mechanical Engineers | 7,651 | 1,286 |
| Other debtors | 47,283 | 61,098 |
| | 54,934 | 62,384 |

## Notes to the Accounts
## For the year ended 31 December 2020

### 13 Creditors

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Amounts due to the Institution of Mechanical Engineers | 119,018 | 114,159 |
| Audit fees | 9,500 | 9,270 |
| Accruals | 4,054 | 1,717 |
| | 132,572 | 125,146 |

### 14 Analysis of Funds at 31 December 2020

| | 1 January 2020 | Income | Expenditure | Gains/Losses | Transfers | 31 December 2020 |
|---|---|---|---|---|---|---|
| | | £ | £ | £ | £ | £ |
| Designated funds | | | | | 8,000,000 | 8,000,000 |
| Unrestricted funds | 31,169,920 | 1,189,793 | (705,278) | (506,436) | (8,000,000) | 23,147,999 |
| **Total funds** | 31,169,920 | 1,189,793 | (705,278) | (506,436) | - | 31,147,999 |

During 2020, Trustees agreed to create a designated fund to meet operational expenditure 'in perpetuity' and set this fund at £8,000,000.

### 15 Financial Commitments

The Trustee Board has given outline approval to help certain beneficiaries during the coming year. Because actual circumstances will vary, it is not possible to accurately quantify the amount at this time but the level is not expected to be material.

### 16 Pensions

All current employees participate in the Institution of Mechanical Engineers contribution based pension scheme. In 2020 the Institution matched employee contributions to this plan up to a maximum of 10% of salary (2019: 10%).

The Benevolent Fund has associated member status in the defined benefit pension scheme operated by the Institution of Mechanical Engineers, which is now closed to new members. A full actuarial valuation was carried out and updated to 31 December 2020 by a qualified independent company of actuaries, and can be found in the consolidated accounts of the Institution. As prescribed by FRS102, the funding level of the pension fund must be disclosed; after an actuarial report carried out for the Institution of Mechanical Engineers consolidated accounts to 31 December 2020, the pension fund was 86% (2019: 96%) funded.

The Benevolent Fund is therefore exposed to actuarial risks associated with the scheme operated by the Institution of Mechanical Engineers and and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents contributions payable to the scheme in respect of the accounting period. The Benevolent Fund has entered into an agreement whereby the Fund recognises a liability for contributions payable that arise from the agreement ("Deficit Recoverable Plan") to the extent that they relate to the deficit and resulting expense in the income and expenditure account. As at 31 December 2020 no such "Deficit Recoverable Plan" was in place and as a result no liability has been recognised in these financial statements relating to this.

## Notes to the Accounts
## For the year ended 31 December 2020

### 17 Taxation

The Benevolent Fund is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### 18 Ultimate parent

In the opinion of the trustees there is no controlling party.

### 19 Related Party Transactions

There were no related party transactions in both 2020 and 2019, other than trustees' travelling and subsistence expenses reported in Note 7.

Additionally, during 2020, Trustees agreed to create a designated fund to meet operational expenditure 'in perpetuity' and set this fund at £8,000,000. These funds are held within the combined investment portfolio.

### 20 Operating Lease Commitments

| | 2020 | 2019 |
|---|---|---|
| **Land and Buildings** | | |
| Payments in less than one year | 22,712 | - |
| Payments in one to five years | 10,410 | - |
| | **33,122** | - |

### 21 Company Limited by Guarantee

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.