



# 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

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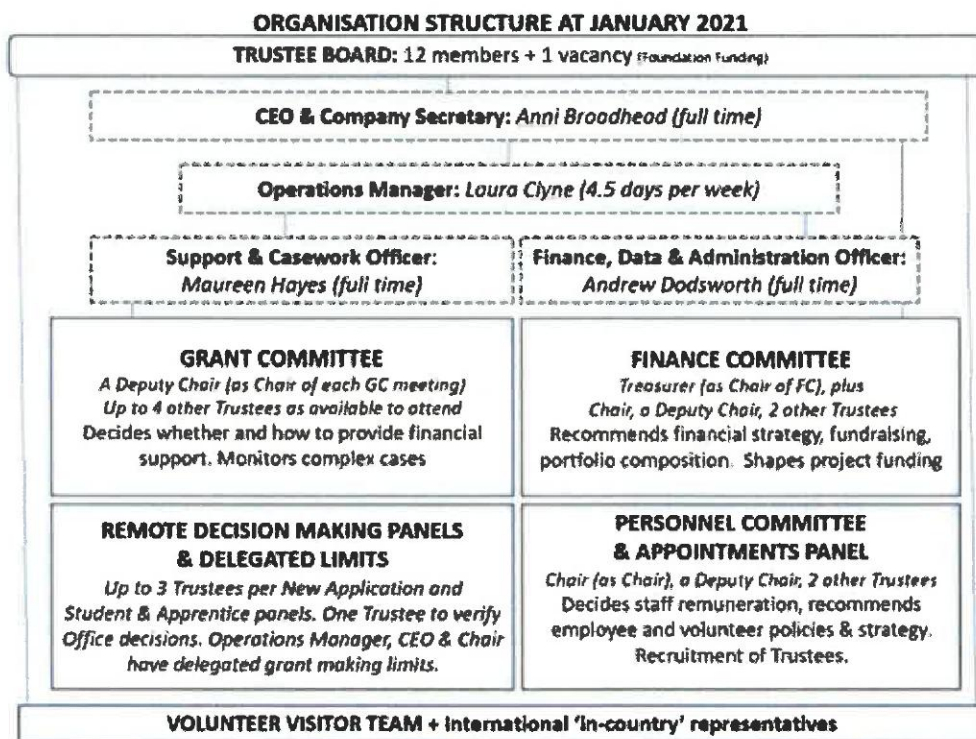
### Report of the Trustees

### For the year ended 31 December 2020

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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



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### **Report of the Trustees**

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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.

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#### ***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.

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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 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.*

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*"...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.



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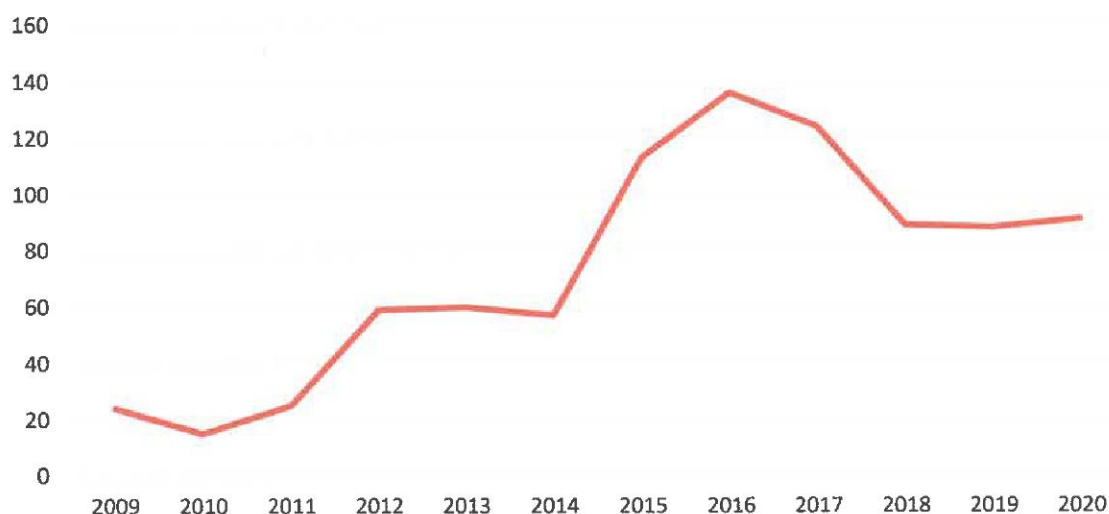
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- Self-access online information guides.
- General and legal advice in respect of everyday, and/or court related problems, ensuring that information needs are readily met and/or potential options for action are identified in a timely manner.
- Contributions 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.

#### **Employment Referrals**



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.



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

## **Report of the Trustees**

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#### **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

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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.

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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).

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**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.

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

### **Report of the Trustees**

### **For the year ended 31 December 2020**

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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.**



**The Benevolent Fund of the Institution of Mechanical Engineers**  
**Report of the Trustees**  
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**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:

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



# The Benevolent Fund of the Institution of Mechanical Engineers

## Report of the Trustees

### For the year ended 31 December 2020

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#### 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 ( <i>part year</i> )	Brian Cooke	1,2,3,6	2	<i>Retired as Trustee/Chair 17 July 2020</i>
Chair ( <i>part year</i> )	Bruce Dagley	1,3,7	4	<i>Elected Chair 17 July 2020</i>
Deputy Chair	Anne Woodbridge	1,2,6	4	
Deputy Chair	Christian Young	1,7	4	
Treasurer	Andrew Rowland	1,3	2	<i>Elected Trustee/Treasurer 17 July 2020</i>
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	<i>Elected Trustee 17 July 2020</i>
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 0BL

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

## **Independent Auditor's Report**

### **For the year ended 31 December 2020**

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#### **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.

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

## **Independent Auditor's Report**

### **For the year ended 31 December 2020**

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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.



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

## **Independent Auditor's Report**

### **For the year ended 31 December 2020**

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#### **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.

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

## **Independent Auditor's Report**

### **For the year ended 31 December 2020**

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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 £
<b>Income and Endowments from:</b>					
<b>Donations and Legacies</b>					
Donations, bequests	1	288,368	-	288,368	294,751
<b>Investments</b>					
Interest & dividends	2	901,425	-	901,425	1,001,249
<b>Total</b>		<b>1,189,793</b>	<b>-</b>	<b>1,189,793</b>	<b>1,296,000</b>
<b>Expenditure on:</b>					
Raising funds		7,242	-	7,242	7,274
Charitable activities	3	698,036	-	698,036	655,277
<b>Total</b>		<b>705,278</b>	<b>-</b>	<b>705,278</b>	<b>662,551</b>
Net gains / (losses) on investment assets	9	(506,436)	-	(506,436)	3,741,555
<b>Net income / (expenditure)</b>		<b>(21,921)</b>	<b>-</b>	<b>(21,921)</b>	<b>4,375,004</b>
<b>Transfers</b>	14	<b>(8,000,000)</b>	<b>8,000,000</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>(8,021,921)</b>	<b>8,000,000</b>	<b>(21,921)</b>	<b>4,375,004</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward	14	31,169,920	-	31,169,920	26,794,916
<b>Total funds carried forward</b>	14	<b>23,147,999</b>	<b>8,000,000</b>	<b>31,147,999</b>	<b>31,169,920</b>

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 £
<b>Fixed Assets</b>			
Tangible assets	8	1,322	2,907
Investments:-			
Stock Market Investments	9	30,137,262	30,306,756
<i>Total fixed assets</i>		<u>30,138,584</u>	<u>30,309,663</u>
<b>Current Assets</b>			
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
<i>Total current assets</i>		<u>1,141,987</u>	<u>985,403</u>
<b>Liabilities</b>			
Creditors: - amounts falling due within one year	13	132,572	125,146
		<u>132,572</u>	<u>125,146</u>
<b>Net current assets</b>		1,009,415	860,257
<b>Total assets less current liabilities</b>		<u>31,147,999</u>	<u>31,169,920</u>
<b>The funds of the charity:</b>			
Unrestricted funds		23,147,999	31,169,920
Designated funds		8,000,000	-
		<u>31,147,999</u>	<u>31,169,920</u>

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 £	2019 £
<b>Cash flows from operating activities:</b>			
<i>Net cash used in operating activities</i>		<u>(542,018)</u>	<u>(236,120)</u>
<b>Cash flows from investing activities:</b>			
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)
<b>Net cash provided by investing activities</b>		<u>564,483</u>	<u>182,289</u>
<i>Change in cash and cash equivalents in the reporting</i>		22,465	(53,831)
<i>Cash and cash equivalents at the beginning of the reporting period</i>		61,311	115,142
<i>Cash and cash equivalents at the end of the reporting</i>		<u>83,776</u>	<u>61,311</u>

### Reconciliation of net (expenditure)/income to net cashflow from operating activities

	£	£
<b>Net (expenditure)/income for the reporting period</b>	(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)
<b>Net Cash used in operating activities</b>	<u>(542,018)</u>	<u>(236,120)</u>

### Net Debt Note

	31/12/2019	Cashflows	31/12/2020
Cash	61,311	22,465	83,776
	<b>61,311</b>	<b>22,465</b>	<b>83,776</b>



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

## **Accounting Policies**

**For the year ended 31 December 2020**

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### **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.

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

## **Accounting Policies**

**For the year ended 31 December 2020**

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### **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 impairment 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.

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

## **Accounting Policies**

**For the year ended 31 December 2020**

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### **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.

# The Benevolent Fund of the Institution of Mechanical Engineers

## Notes to the Accounts

For the year ended 31 December 2020

<b>1 Incoming Resources</b>	<b>2020</b>	<b>2019</b>
	£	£
Donations & Gift Aid Reclaim	285,453	292,848
JP Dudin Bequest	2,915	1,903
	<u>288,368</u>	<u>294,751</u>
<b>2 Investment Income</b>	<b>2020</b>	<b>2019</b>
	£	£
Dividends & loan stock interest - UK investments	901,348	1,001,127
Bank Interest	77	122
	<u>901,425</u>	<u>1,001,249</u>
<b>3 Charitable Activities</b>	<b>2020</b>	<b>2019</b>
	£	£
Grants for the relief of poverty	346,514	297,354
Allocation from support costs (note 4)	351,522	357,923
	<u>698,036</u>	<u>655,277</u>

All grants were made to individuals. During the year there were 417 beneficiaries (2019: 500).

<b>4 Support Cost</b>	<b>2020</b>	<b>2019</b>
	£	£
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
	<u>351,522</u>	<u>357,923</u>

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

# The Benevolent Fund of the Institution of Mechanical Engineers

## Notes to the Accounts For the year ended 31 December 2020

<b>5 Other: governance costs</b>	<b>2020</b>	<b>2019</b>
	£	£
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
	<u>16,173</u>	<u>22,879</u>

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

<b>6 Staff</b>	<b>2020</b>	<b>2019</b>
	£	£
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
	<u>238,746</u>	<u>200,194</u>

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

	<b>2020</b>	<b>2019</b>
£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)

<b>7 Trustee Board</b>	<b>2020</b>	<b>2019</b>
	£	£
Travel and subsistence expenses paid	<u>2,502</u>	<u>9,518</u>
	No.	No.
Number of members who claimed	<u>8</u>	<u>12</u>

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

<b>8 Fixed Assets - Furniture and Office Equipment</b>	<b>2020</b>	<b>2019</b>
Cost	£	£
At 1 January	43,052	43,052
Additions	-	-
At 31 December	<u>43,052</u>	<u>43,052</u>
Depreciation		
At 1 January	40,145	38,560
Amount provided	1,585	1,585
At 31 December	<u>41,730</u>	<u>40,145</u>
Net Book Value at 31 December 2020 and 31 December 2019	<u>1,322</u>	<u>2,907</u>



# The Benevolent Fund of the Institution of Mechanical Engineers

## 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	<u>29,994,718</u>	<u>30,174,313</u>

All investments are listed UK securities.

	2020	2019
	Capital	Capital
	£	£
Movements of investments		
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)	<u>(506,436)</u>	<u>3,741,555</u>
	29,994,718	30,174,313
Cash with investment manager	<u>142,544</u>	<u>132,443</u>
Market value at 31 December	30,137,262	30,306,756
Historic costs at 31 December	<u>19,400,980</u>	<u>19,074,139</u>
Unrealised investment gains at 31 December	<u>10,736,282</u>	<u>11,232,617</u>

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	<u>1,003,277</u>	<u>861,708</u>

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
	<u>226,320</u>	<u>32,566</u>	<u>193,754</u>

12 Other Debtors	2020	2019
	£	£
Amounts due from the Institution of Mechanical Engineers	7,651	1,286
Other debtors	47,283	61,098
	<u>54,934</u>	<u>62,384</u>

# The Benevolent Fund of the Institution of Mechanical Engineers

## 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
	<u>132,572</u>	<u>125,146</u>

### 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
<b>Total funds</b>	<u>31,169,920</u>	<u>1,189,793</u>	<u>(705,278)</u>	<u>(506,436)</u>	<u>-</u>	<u>31,147,999</u>

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 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.

# The Benevolent Fund of the Institution of Mechanical Engineers

## Notes to the Accounts

For the year ended 31 December 2020

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### 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
<b>Land and Buildings</b>		
Payments in less than one year	22,712	-
Payments in one to five years	10,410	-
	<u>33,122</u>	<u>-</u>

### 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.