

THE INSTITUTION OF CHEMICAL ENGINEERS

England & Wales · Charity number 214379

Details

Other names	ICHEME
Status	Registered
Legal form	Other
Registered	1963-01-23
Register	View on the Charity Commission register

Contact

Address	Institution Of Chemical Engineers 165-189 Railway Terrace Rugby CV21 3HQ
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Activities

Objects: TO PROMOTE, FOSTER AND DEVELOP THE GENERAL ADVANCEMENT OF THE SCIENCE OF CHEMICAL ENGINEERING IN ALL ITS BRANCHES.

Activities: Promoting and advancing the science of chemical engineering in all its branches, promoting competence and a commitment to sustainable development, advancing the discipline for the benefit of society and supporting the professional development of members.

Classification

- **How:** Makes Grants To Individuals, Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research
- **What:** Education/training, Environment/conservation/heritage
- **Who:** Other Defined Groups, The General Public/mankind

Geography

- Australia
- Malaysia
- New Zealand
- Scotland
- Singapore
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£10,815,000	£9,990,000	£8,512,000	97
2023-12-31	£9,870,000	£8,941,000	£6,510,000	92
2022-12-31	£8,662,000	£8,466,000	£5,879,000	94
2021-12-31	£8,156,000	£7,468,000	£4,570,000	87
2020-12-31	£7,067,000	£7,013,000	£2,225,000	86

Trustees

Name	Role	Appointed
Professor Raffaella Ocone	Chair	2022-06-14
Adriana Vargas-Colwill		2023-06-13
Andrea Jane Hosey		2021-06-14
Elizabeth Halifax		2025-06-10
Helen Vanessa Middleton Ramsay		2024-06-11
Mark Edward Apsey		2023-06-13
Oluwole Folayan		2025-06-10
Paul McLaughlin		2024-06-11
Professor Alan John Harper		2024-06-11
Professor Joan Cordiner		2024-06-11
Tawana Julian Phineas Muchatuta		2024-06-11
Thomas Whateley		2025-06-10

Linked charities

- URE BURSARY (214379-1)
- THE ROBERT WOOD FUND (214379-2)

THE INSTITUTION OF CHEMICAL ENGINEERS

England & Wales - Charity number 214379

Accounts

Institution of Chemical Engineers

**Annual Report and Consolidated Financial
Statements for the year ended 31 December 2024**

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Trustees' Report

The Board of Trustees is pleased to present its annual report together with the financial statements of the charity and its subsidiaries for the year ended 31 December 2024.

The financial statements comply with the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Reference and Administrative Details

The Institution of Chemical Engineers (IChemE) is a registered Charity in England and Wales (214379) and a charity registered in Scotland (SC039661).

Principal Office	Davis Building, Railway Terrace, Rugby, Warwickshire, CV21 3HQ
Auditors	RSM UK Audit LLP, 10 th Floor, 103 Colmore Row, Birmingham, B3 3AG
Main Bankers	NatWest Bank Plc, 300 Silbury Boulevard, Milton Keynes, MK9 2ZF
Solicitors	Mills & Reeve, 100 Hills Road, Cambridge, CB2 1PH
Investment Managers	Rathbone, 35 Gresham Street, London, EC2V 7QN Ruffer LLP, 80 Victoria Street, London, SW1E 5JL

Trustees

1 January 2024 – 11 June 2024	From 11 June 2024
Mr JN Hirst	Mr ME Aspey
Prof IDL Bogle	Mr JN Hirst
Mr ME Aspey	Prof R Ocone
Dr DW Edwards	Dr DW Edwards
Dr RJ Best	Prof A Harper
Mrs A Hosey	Mrs A Hosey
Ms AL Meldrum	Prof J Cordiner
Mrs MD Isles-Ahite	Mr P McLaughlin
Prof R Ocone	Mt T Muchatuta
Mr DM Sutton	Mrs H Ramsay
Mr RE Tucker	Ms A Vargas-Colwill
Ms A Vargas-Colwill	

Executive Team

Ms Y Baker	Chief Executive
Ms J Downham	Chief Operating Officer
Mrs R Baxter-Smith	Director, Qualifications
Dr R Bibby	Director, Member Experience & Professional Learning
Mrs C Flavell-White	Director, Learned Society
Mr A Foster	Director, Strategic Partnerships & Impact
Ms P Kerin	Director, IChemE Safety Centre (to 31 January 2025)

Objectives and Activities for the Public Benefit

The Institution of Chemical Engineers (IChemE) is an internationally recognised professional body committed to advancing the contribution of chemical engineering for the benefit of society.

We develop, maintain, and administer standards of professionalism, education, safety and best practice across all aspects of chemical and process engineering alongside attracting diverse talent into the discipline. We are committed to inspiring early-career professionals to develop their competence, so future-proofing the profession and ensuring that chemical engineers have the knowledge and skills to deliver economic benefit and wellbeing whilst keeping society safe from harm.

Applications for membership and professional registration are carefully assessed through a rigorous peer review process, thereby promoting high standards, competence, and professional development across our community.

We use the knowledge and expertise of our members to inform policy development and advance the practice of chemical engineering globally. We recognise and celebrate excellence in individuals and companies across the discipline.

The Objects of the Institution as set out in the Royal Charter are:

to sustainably benefit the global community by advancing the art, science, application, and professional practice of chemical engineering in all its branches.

The Powers vested in the Institution to achieve these objects are:

- To publish statements in the public interest for the education or information of the general public on matters involving the science or application of chemical engineering.
- To adopt any lawful means conducive to the maintenance of a high standard of professional conduct amongst the members of the Institution.
- To hold or prescribe examinations or other assessments for candidates for election to membership in such classes as set out in the By-laws and to require standards of knowledge and experience approved by the Institution.
- To maintain, under licence from the Engineering Council or the Science Council, or any other successor organisations, or any other appropriate organisations, such Register, or parts thereof, as refer to relevant Chartered Practitioner status or to relevant Technician or other status.
- To hold meetings of the Institution for reading and discussing papers and communications bearing upon the science of chemical engineering or the application thereof or upon subjects relating thereto and generally to advance knowledge of chemical engineering.
- To print, publish, sell, lend, or distribute the proceedings or the reports of the Institution or any papers, communications, works or treatises on chemical engineering or its application or subjects connected therewith or extracts therefrom.
- To co-operate with Government Departments, Universities, other Educational Institutions and public educational authorities for the furtherance of knowledge of and education in chemical engineering, science, or practice.
- To co-operate with any other organisations to advance the cause of chemical engineering or for economic purposes related thereto.
- To do all other things incidental or conducive to the attainment of the above objects or any of them.

Our strategy

Strategy 28+

IChemE's Strategy 28+ sets out the Institution's direction for the five-year period to 2028 and beyond with the aim of putting chemical and process engineering at the heart of a sustainable future, benefitting members, society and the environment.

To achieve our vision of engineering a sustainable future, two strategic goals have been identified supported by five enablers which will need to be underpinned by a responsive, adaptable, sustainable and high performing organisation, driven by purpose and impact.

IChemE will use its expertise, knowledge and reach to support a vibrant and thriving profession, and collaborate with others to serve society, as illustrated through our two strategic goals. Leading, connecting and supporting members and stakeholders will enable IChemE to build a strong community working together to make an impact and contribute positively to the UN's Sustainable Development Goals.

Strategic Goal 1			Strategic Goal 2	
Supporting a vibrant and thriving profession by helping to: - Contribute demonstrably to the UN Sustainable Development Goals (SDGs) - Attract a diverse range of talent into chemical and process engineering - Enable members, organisations and society to achieve their potential - Lead and support the positive impact chemical and process engineering has on society			Serving society by collaborating with others through: - Contributing to the development and sharing of knowledge, skills and research and using this to drive continuous improvement in efficient and safe operations - Increasing awareness and understanding of how chemical and process engineering contributes to society through championing and promoting that contribution	
Enabler 1	Enabler 2	Enabler 3	Enabler 4	Enabler 5
Engaging with governments, industry, employers, academia and the public to further understanding of our profession and its contribution to society.	Supporting and developing members and potential members through all stages of their career journeys. Helping them to understand and realise the benefits of membership in a global community.	Be recognised as a trusted, vibrant professional body using member knowledge and expertise to materially impact the major challenges facing society.	Growing an active, inclusive and engaged membership encompassing the diverse careers and contribution of our profession.	Developing and growing a viable programme of commercial activities to support the Institution's charitable purpose.

Public Benefit

The Institution works to fulfil its goals globally, reflecting its broad and inclusive membership and the wider chemical engineering profession. It benefits the public and society by promoting high standards of engineering competence, professional ethics, safety, and sustainability, thus enabling industry and society to benefit from a competent profession and its practitioners.

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Institution's aims and objectives and in planning its future activities.

Achievements and performance

The 2024 business plan was the first to fall within Strategy 28+ under the leadership of the new Chief Executive (appointed in April 2023). It identified three priority areas for the year ahead:

- Sustainable membership growth
- Improving member experience
- Making our voice heard

Across all areas of the Institution, IChemE achieved significant progress during 2024 – increasing membership, building its profile with policymakers, and making ourselves more welcoming and inclusive to those working in, and contributing to, chemical, biochemical and process engineering.

Sustainable membership growth

Over recent years to 2024, IChemE reported a modest but steady decline in member numbers. To retain our status as a world-class professional institution, and one of the four principal Professional Engineering Institutions, we have driven efforts to sustainably remediate this position. Our 2024 membership cycle showed 3.5% growth, including a modest 1% improvement in member retention.

Key contributors to this success were:

- Across the institution, focusing departmental business plans on sustainably increasing the number of new members joining IChemE alongside improving the retention rate of existing members. A particular focus has been on:
 - Retaining graduates and those in the early stages of their career with a dynamic, attractive and relevant offer.
 - Attracting members from new and non-traditional industry sectors (e.g. bioengineering, sustainability, agritech) and from alternative technical and vocational routes into the sector in addition to traditional academic routes.
 - Maximising the market engagement in territories where we have an established operations base e.g. UK and Ireland, Australasia, Malaysia.
- Continuously improving our membership processes, ensuring we remove barriers whilst maintaining standards. For example, a more streamlined approach to Fellow membership attracted applications from 20 new prospective members during the pilot; and we improved processes and materials to support accreditation of academic programmes, bringing transparency closer in line with regulatory bodies.

- Working with 60 employers through Accredited Company Training Schemes (ACTS) and our Corporate Partners scheme and consulting with them to refresh our approach, adapting the offer to be more flexible, dynamic and tailored. With our new, more flexible approach from 2025 onwards, we will drive a step change in the number of employers we engage – large multi-nationals to SMEs – to support our growth efforts into a more diverse range of industry sectors, ensuring that we represent the breadth and multidisciplinary nature of our profession.
- Our support for universities and training providers across the UK and internationally saw us accrediting the content of 363 educational programmes from 65 Universities, alongside working in partnership with these organisations to foster good practice.
- To ensure vibrant and thriving member communities across all our key international territories, our National Boards proactively aligned on early plans to achieve our strategic priorities.

Improved member experience

Members are at the heart of our Institution, giving their time and expertise to benefit society, the economy and the planet. We are committed to a member first approach, adapting to meet increasingly diverse member and sector needs and providing world-class support for our members, partners and the profession.

Across all areas of the institution, we have focused on equity of access for all members regardless of their career stage, geography, or situation, resulting in a modest 1% improvement in member retention during 2024 – we aim to increase this by a further 9% in 2025.

Key contributors to this success were:

- Establishing a new Member Experience & Professional Learning function, including a Member Support Centre dedicated to ensuring that all members can access tailored support and guidance by phone, email and other written communications.
- Implementing a thematic communications strategy which has driven a 46% increase in member engagement with e-communications.
- Launching an online community for all 31,000 IChemE members - IChemE Connect - enabling international open channels of engagement, alongside closed communities to support targeted engagement e.g. Women in ChemEng, neurodiversity, disability, LGBTQ+, early careers communities.
- Innovating to continuously expand our generalist professional learning offer and supporting an increasingly diverse membership e.g. patent law, finance management, returning to work, reskilling and changing specialisms. This was provided alongside a growing variety of opportunities for knowledge transfer and sharing of technical expertise through webinars, workshops, guidance and technical reports.
- Offering an expanded Mentoring service covering generic career development alongside dedicated support for professional registration, engaging over 250 members globally.
- Improving the experience of over 3,000 volunteers through augmented support, networking, celebration and recognition activity, including the awarding of digital badges and public thanks aligned with International Volunteering Day.
- Undertaking the latest Royal Academy of Engineering EDI Benchmarking assessment to guide further embedding of good practices globally in the months to come.

Making our voice heard

IChemE continues to leverage its member knowledge and expertise to position ourselves as the voice of chemical engineering in our target markets and spheres of influence. In addition to attracting new members, we are increasingly being recognised by key government committees and departments as a partner of choice who provides trusted expertise and evidence, ultimately influencing policy.

The dissemination of expertise is underpinned by engaging members in generating and sharing knowledge, both through Special Interest Groups and through the Institution's academic journals.

To raise awareness amongst future talent pools, we have committed to impactful support for young people, parents, and teachers through our suite of DiscoverChemEng activities. This helps to achieve a better understanding of chemical engineering, how it impacts daily life, and the range of career opportunities it brings.

Key contributors to this success were:

- Successfully engaging government ministers, committees and departments who are increasingly viewing IChemE as a trusted source of input and advice on key cross-party issues. For example, leading a Parliamentary and Scientific Committee debate on How engineers can contribute to achieving a more sustainable world, and hosting six round table events on a range of prominent topics.
- Developing strategic partnership with key international stakeholders, including, but not limited to: the American Institute for Chemical Engineering (AIChE); Institution of Engineers Malaysia; Zimbabwe Institution of Engineers; and European Young Engineers.
- Expanding the range of journals published by IChemE to ensure our portfolio covers emerging topics and supports IChemE's sustainability goals. Two recently launched journals, Digital Chemical Engineering and Carbon Capture Science and Technology, gained their first impact factors in 2024.
- Launching a suite of internationally agnostic education outreach resources and activities under the DiscoverChemEng umbrella. These have supported staff and members in their efforts to raise the profile and careers opportunities in the sector with over 5,000 young people.
- Engaging almost 100 members in a How I did it campaign - sharing member stories to raise awareness of the breadth and depth of sustainable solutions that the profession contributes to society, clearly aligned to the UN Sustainability Goals.
- Through the IChemE Safety Centre (ISC) we maintain our position as a global leading voice in promoting process safety, advancing the understanding and application of major hazards with over 100 partner companies and other stakeholders.

Plans for the future

Our 2025 business plan builds on the strong progress made over the last twelve months towards the delivery of Strategy 28+. During 2025, we will continue our focus on the three priority areas identified below:

Sustainable membership growth

Ambitious but achievable growth targets (3% to 5% per year) have been set out. The focus continues to be on sustainable growth – attracting new members into the Institution at all levels, ensuring they are then supported, engaged and choose to remain with us as their professional home of choice.

Improving member experience

We will continue to innovate with new, and continuously improving, products and services which attract and retain an increasing number and diversity of members.

Making our voice heard

Aligned to the UN Sustainability Goals, we will continue raising awareness of the pivotal and increasingly advanced role of chemical, biochemical and process engineering in society to government, policy makers and the public.

Financial Review

The financial statements for the year ended 31 December 2024 are set out on pages 22 to 44.

The charity only financial results incorporate the results of the UK and its branch in Australia. The group financial statements also include the results of the Institution's UK trading subsidiary, IChemE Ltd, and the charitable activities of the Institution's subsidiaries in Malaysia and New Zealand.

Unrestricted funds

Total group income for the year was £10,794,000 (2023: £9,850,000). The principal sources of income were from:

- Membership subscription and accreditation fees totalling £4,645,000 (2023: £4,560,000).
- IChemE's training course activity generated £2,898,000 (2023: £2,379,000) in delegate fees. A further £840,000 (2023: £693,000) was received from attendance and sponsorship of major conferences and the global awards event.
- Royalty fees from our journals and sales of publications totalling £1,795,000 (2023: £1,623,000).
- Income from the Institution's knowledge communities of £423,000 (2023: £380,000), the majority of which relates to company subscriptions to the IChemE Safety Centre. Other income from collaboration with other entities generated £8,000 (2023: £18,000).
- The income of the Institution's trading subsidiary IChemE Ltd, which is generated mainly through the sale of advertising space in *The Chemical Engineer*, was £126,000 (2023: £129,000).
- There were no donations or legacies received or notified to the Institution in 2024.
- Dividends and interest on the Institution's investment portfolio was £59,000 (2023: £68,000).

Total group expenditure for the year was £9,828,000 (2023: £8,783,000). Expenditure has increased as a direct result of an increase in the training course and events activity. In addition, a new Member Experience and Professional Learning function has been established to improve member engagement and support.

Overall net income before gains on investment funds, was £966,000 (2023: £1,067,000). Unrealised gains on investments for the year were £253,000 (2023: £39,000) resulting in an overall net income of £1,219,000 (2023: £1,106,000).

After the other recognised gains or losses; actuarial gains on the defined benefit pension scheme of £963,000 (2023: losses £293,000); as well as exchange losses on the retranslation of the balance sheets of the foreign branches and subsidiaries of £39,000 (2023: £44,000), the unrestricted fund balance at year end increased by £2,143,000 to £7,722,000 (2023: £5,579,000).

The Institution's wholly owned trading subsidiary, IChemE Ltd, achieved an operating profit of £72,000 (2023: £71,000), which has been gift aided to the Institution. The results of the UK trading subsidiary and of the subsidiary undertakings in Malaysia and New Zealand are set out in note 2 to the financial statements.

Restricted funds

Restricted funds are income funds that can only be used for specific purposes which have been specified by the donor, or by the terms applied to an appeal for funds.

The net expenditure on restricted funds for 2024 was £141,000 (2023: £138,000). The total restricted fund balance at year end was £790,000 (2023: £931,000).

The movement in restricted income funds is set out in note 14 to the financial statements.

Investment policy and powers

Investments are held in accordance with the By-laws of the Institution. The Trustees have the power to invest all monies not immediately required for operational activities as it sees fit and to appoint advisers to make such investments on its behalf.

IChemE continues to use the services of an independent financial advisor to review and monitor the investment portfolio. The performance of the funds and ongoing investment strategy is formally reviewed by the Finance & HR Committee throughout the year.

The investment policy adopted by the Trustees is to achieve a target return of CPI + 3% over a 5-year rolling basis and over a rolling 3-year period to achieve a minimum return of CPI. The Institution's investment objective remains to achieve long term capital growth with income.

The investment portfolio is split between Rathbones Investment Management Limited and Ruffer LLP. Both organisations are working to this investment policy and apply their individual judgement for asset allocation and investment selection to achieve the investment objective.

The Trustees have considered their approach to ESG (Environmental, Social and Governance) within the investment strategy. The approach currently taken is not to specifically exclude any assets or investments, or to hold dedicated ESG investment funds. Both Rathbones and Ruffer consider ESG factors when evaluating investments and have their own ESG scoring mechanism for companies included within the investment portfolio. They work to improve ESG within those companies through active engagement and influence.

During the year, the investment funds received £59,000 (2023: £68,000) in interest and dividends, and incurred management fees of £37,000 (2023: £50,000). The funds generated unrealised gains of £253,000 (2023: £39,000). The total return for the year, taking into account all income, management fees and market value movements, was an increase of 4.5% (2023: 1.0%).

No disinvestments were made from the funds in 2024 (2023: *£nil*). All income received during the year has been re-invested.

The Institution's investments are recorded at market value. The market value of the investment portfolio at 31 December 2024 was £6,670,000 (2023: £6,385,000). The gains and losses on revaluation have been recognised in the Statement of Financial Activities.

Reserves policy

The Institution holds two types of reserves – unrestricted and restricted. The group reserves additionally includes unrestricted reserves held in subsidiary companies.

Free reserves are calculated as the unrestricted general fund balance excluding any tangible fixed assets. These are the funds freely available to spend on the Institution's charitable activities and therefore also exclude both restricted funds and funds that have been designated by the Board of Trustees.

For the calculation of free reserves, the Board of Trustees has also excluded the FRS 102 defined benefit pension valuation included on the balance sheet, replacing it in the calculation with a consideration of the risk of future contributions outside normal operating surpluses being required. This approach reflects the risk of future cash outflows rather than just a consideration of the annual actuarial value of the liability.

The Finance and HR Committee reviews the Institution's reserves policy and level of free reserves held on an annual basis. The Committee considers all relevant information including the five-year budget and business plan, the strategic plan and the risks identified in the risk register.

During 2024, the Board of Trustees, on the recommendation of the Finance & HR Committee, updated the reserves policy and target free reserves level to be more risk focussed and flexible to changes in the Institution's operations. The review took into account the ambitious growth targets and cost base of the Institution predicted over the next five years, which will bring an increased risk associated with variances to budget and a shortfall in income in any given year.

The revised target level adopted by the Trustees is that a range of between £6m-£8m is held in free reserves. The rationale for holding this level of reserves is:

- to meet working capital requirements
- to safeguard the organisation against unexpected financial challenges such as a sudden reduction in income, unforeseen expenditure, or a fall in the market value of the investments;
- to ensure that the organisation can continue to provide services to its members in the event of financial or operational disruption;
- to cover any unexpected contributions in respect of the defined benefit pension scheme;
- to support strategic initiatives and opportunities that may require funding over the medium to long term;
- to cover committed costs should the Institution be unable to continue.

The target level of reserves will be reviewed annually and where appropriate updated to reflect changes in risk and operational needs.

The level of unrestricted free reserves available at the year-end was £8,364,000 (2023: £7,613,000), which is in line with the reserves policy. This excludes tangible fixed assets of £795,000 (2023: £608,000), the designated fund balance of £350,000 (2023: £350,000), the restricted fund balance of £790,000 (2023: £931,000), and the pension valuation of £1,787,000 (2023: £2,992,000) as it represents the pension liability recorded in the group and charity balance sheet and is calculated annually for accounting purposes under FRS102. The liability does not result in any immediate requirement to pay this amount to the pension scheme, and the Institution aims to meet the ongoing cash contributions into the Scheme through budgeted income.

The Trustees have considered the level of reserves held at year end and believe they are sufficient to protect IChemE from serious disruption to its work.

Structure, Governance and Management

Governing Document

The Institution of Chemical Engineers was founded in 1922 and incorporated by Royal Charter in 1957.

The governing documents under which the Institution operates comprise the Royal Charter, as amended, the By-laws of the Institution, and Regulations made from time to time by the Board of Trustees, which is the Institution's governing body.

The Institution is a registered charity in England & Wales and a charity registered in Scotland.

Appointment of Trustees

The Trustees are elected in accordance with the Royal Charter and By-laws and the Board comprises the following roles:

- President
- Deputy President
- Immediate Past President
- Treasurer
- three Vice-Presidents
- three ordinary members
- two regional members

The President, Deputy President and Immediate Past President are elected annually. Those eligible for election as President shall be the Deputy President or, if in the opinion of the Board of Trustees special circumstances exist, a Fellow. The person eligible as Immediate Past President shall be the retiring President.

The Treasurer, Vice-Presidents, ordinary members, and regional members of the Board shall be elected for a term not exceeding three years nor less than one year.

Trustee induction and training

All new Trustees receive an induction pack including the By-laws and Regulations of the Institution, recent minutes of meetings, and the relevant Charity Commission publications outlining their roles and responsibilities as a Charity Trustee. An induction programme takes place annually for all new Trustees, also available for existing Trustees, to get an oversight of the structure of the Institution and its activities.

Trustees have a legal duty to avoid conflicts of interest so that they can focus exclusively on the best interests of the Institution. The Institution maintains a register of interests, which is updated annually or when any changes are reported by Trustees. Procedures are in place for managing conflicts of interest that may arise during Trustee meetings.

Institution structure

The Board of Trustees is the governing body of the Institution and has ultimate responsibility for providing strategic direction and for ensuring that the charitable objects set out in the governing document are met. The Board of Trustees meets formally at least four times a year to review performance against these objects.

Congress is the representative advisory body serving as a link between the Institution's members and the Board of Trustees. Congress consists of up to forty-one members, all members of the Institution, who are nominated and elected by their peers from a membership or geographical college.

The Congress Steering Group is responsible for the oversight and facilitation of the conduct of Congress and the engagement of Congress members. The Steering Group consists of the Congress Chair, Vice-Chair, the Chief Executive, and a designated Trustee lead.

Congress holds up to three sessions a year, which are held as online open forums each lasting up to thirty days. The agenda for the sessions is determined by the Chair of Congress in consultation with the Congress Steering Group.

The Chief Executive is appointed by the Board of Trustees and has delegated authority for the day-to-day operation of the Institution, its branches, and subsidiary undertakings. The Chief Executive is supported by the Senior Management Team.

The Board of Trustees are the registered Trustees of IChemE's branch in Australia, which is registered with the Australian Charities and Not-for-profits Commission. The branch has a National Board to advise the Trustees on how IChemE's strategy can be delivered locally.

The Institution's operations in Malaysia and New Zealand each have their own National Boards operating under delegated authority from the Board of Trustees and in compliance with local regulatory requirements.

The Institution has a wholly owned trading subsidiary in the UK, IChemE Ltd, established to operate the sale of advertising space in the Institution's journals and publications. The company gift aids its taxable profits to the Institution.

In addition to Congress and the local National Boards, there are a number of standing Committees operating under delegated authority from the Board of Trustees which have been established to facilitate the efficient operation of the charity. These consist of:

- Qualifications Committee
- Learned Society Committee
- Member Engagement Committee
- Governance Committee
- Finance & HR Committee
- Audit and Risk Committee
- Succession Planning Committee
- Nominations Committee
- Professional Conduct Pool
- Commercial Committee

The Scheme of Delegation, which is reviewed annually, sets out the powers delegated to these Committees.

The Institution also has an extensive network of National, Regional and Special Interest Groups enabling members to get involved in the Institution's activities. Each group has its own committee, made up of members of the Institution, who meet regularly throughout the year. The activities conducted by the Groups include technical meetings, continuing professional development, school liaison visits, and networking events.

Staff participation is encouraged at all levels in the making of decisions which affect the Institution's management and future development. Regular meetings are held to update all staff on the Institution's activities and other emerging issues.

Volunteers

The voluntary effort and contribution on the part of our members is at the heart of the Institution's success and their expertise is vital to enable IChemE to deliver across a number of activities including the professional review process by which members are assessed for qualification to membership; representation on the Board of Trustees, Congress and aligned committees; acting as STEM ambassadors and career advocates to young people, parents and other influencers; and contributing to technical knowledge and insights that benefits the profession and brings public value.

All volunteers give their time on a voluntary basis.

Fundraising

The Institution does not actively undertake any fundraising activities from the general public or use the services of professional fundraisers or commercial participators.

The Institution is not bound by any regulatory scheme and is not subject to any voluntary code of practice regulating fundraising.

No complaints have been received by the Institution in relation to fundraising activities.

Remuneration policy for key management personnel

The Institution considers its key management personnel to comprise the Board of Trustees, the Chief Executive, and the Senior Management Team. All Trustees give their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses and related party transactions can be found in notes 8 and 16 to the accounts.

The pay of the Chief Executive and Senior Management Team is set and monitored by the Finance & HR Committee.

The Institution is committed to ensuring that it pays its staff fairly and in a way which ensures it attracts and retains appropriately qualified staff to lead, manage, support and deliver the Institution's charitable objects.

Professional advice is sought where appropriate to establish appropriate benchmark levels for each position or group of positions within the organisation structure. These benchmark rates are reviewed regularly. When inflation is relatively low this review may not be annual and so an interim inflationary adjustment to the benchmark salary level may be made.

The Institution does not employ interns without pay and it complies with the living wage for all staff.

In addition to financial remuneration, the Institution seeks to provide staff with a supportive working environment and wherever possible works to promote the wellbeing of staff and satisfactory work-life balance.

Risk management

The Trustees are responsible for overseeing risk management across the organisation and for ensuring that a sound system of internal control is maintained that supports the achievement of IChemE's strategic aims and objectives. The day-to-day management of risk is delegated to the Chief Executive and the Senior Management Team. The Audit & Risk Committee is responsible for assessing the effectiveness of risk management and internal controls across the organisation.

A strategic risk register is maintained by the Senior Management Team and is updated on a regular basis. The Audit & Risk Committee regularly reviews the risk register, concentrating on the highest scoring risks and their control and mitigation measures.

The business planning and budgeting cycle is used to set objectives for the following five years, agree action plans, allocate resources, and to identify new risks or changes in existing risks or their control measures. Progress towards meeting the objectives and annual budget is monitored on a monthly basis by the Senior Management Team.

The Trustees receive an annual report highlighting the top strategic risks. Significant changes in risk items will also be reported to the Trustees as required.

The highest rated strategic risks in 2024 which could impact the delivery of the strategy are listed below.

Risk	Control and Mitigation Measures
Continuity of membership revenue	Renewed focus on recruiting members at all grades and demonstrating value proposition of membership through increased engagement. Raising awareness of routes and careers in sector through substantial growth of DiscoverChemEng activities. Concerted focus on simplifying routes into membership.
Continuity of commercial revenue	Formal and informal market research/customer feedback analysis to ensure product offering meets requirements; competitor analysis; widening of trainer pool in key markets. Continued monitoring of academic publishing model to ensure the journal's model remains suitably robust. Regular meetings with partners and other key suppliers.
Failure to effectively articulate IChemE's voice and impact for members and on society	Increased engagement with government and other bodies, working towards becoming a trusted advisor to governments, policymakers, and the public. Introduction of roundtable discussions with other PEIs, regulatory bodies, industry, and academia on topics where chemical and process engineering can support public policy and awareness.
Compliance and risk management	Regular review of our operations to ensure governance structure and oversight remains appropriate. Scheme of Delegation established clearly setting out decisions delegated to committees of the Board of Trustees and the Executive team. Use advisors as necessary in the UK and at a local level for overseas branches and subsidiaries – including employment law and health & safety. Refresh and rollout of key policies and guidance for staff and volunteers i.e. GDPR, cyber security, safeguarding etc.
Failure to innovate and exploit opportunities	Continuous review and updating of member benefits to ensure relevance, perceived value and futureproofing. Revised approach to partnerships to a more flexible model to meet the needs of a more diverse range of partners.

The Trustees are satisfied that reasonable steps are being taken to limit the probability and the impact of risk.

Statement of Trustees responsibilities

The Trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Charity 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 group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then applies them consistently.
- make judgements and estimates that are reasonable and prudent.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Institution will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 15 April 2025 and signed on its behalf by:



Mr M Apsey
President



Dr DW Edwards
Honorary Treasurer

Independent Auditor's Report to the Trustees of the Institution of Chemical Engineers

Opinion

We have audited the financial statements of the Institution of Chemical Engineers (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the Consolidated and Charity Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated and Charity Cash Flow Statements 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 group's and parent charity's affairs as at 31 December 2024 and of the group's and parent charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

Basis for opinion

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 151 of the Charities Act 2011 and report in accordance with regulations made under those Acts.

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charity'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, 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 this gives rise to 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 17 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk 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 and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and parent charity operate in and how the group and parent charity are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS102), Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2011, the parent charity's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection Regulation (GDPR). We performed audit procedures to inquire of management and those charged with governance whether the group/charity is in compliance with these laws and regulations and read minutes.

The audit engagement team identified the risks of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and testing of income transactions around the period end.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP

Statutory Auditor
103 Colmore Row
Birmingham
B3 3AG

Date: 8 May 2025

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

Consolidated statement of financial activities for the year ended 31 December 2024

	Note	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000
INCOME							
Charitable activities:	3						
Qualifications & Membership		4,645	-	4,645	4,565	-	4,565
Knowledge, Training, Promotion & Events		5,964	21	5,985	5,088	20	5,108
Other trading activities:							
Trading operations	2	126	-	126	129	-	129
Investments	4	59	-	59	68	-	68
TOTAL INCOME		10,794	21	10,815	9,850	20	9,870
EXPENDITURE ON							
Raising funds:							
Trading operations	2	(54)	-	(54)	(58)	-	(58)
Investment management costs		(37)	-	(37)	(50)	-	(50)
Charitable activities:	5						
Qualifications & Membership		(4,383)	-	(4,383)	(3,573)	-	(3,573)
Knowledge, Training, Promotion & Events		(5,354)	(162)	(5,516)	(5,102)	(158)	(5,260)
TOTAL EXPENDITURE		(9,828)	(162)	(9,990)	(8,783)	(158)	(8,941)
Net gains on investments	10	253	-	253	39	-	39
NET INCOME / (EXPENDITURE)		1,219	(141)	1,078	1,106	(138)	968
Transfer between funds:	14	-	-	-	-	-	-
Other recognised gains / (losses):							
Actuarial gains / (losses) on defined benefit pension schemes	20	963	-	963	(293)	-	(293)
Exchange (losses) arising from retranslation of foreign branches & subsidiaries		(39)	-	(39)	(44)	-	(44)
NET MOVEMENT IN FUNDS		2,143	(141)	2,002	769	(138)	631
Fund balances brought forward at 1 January		5,579	931	6,510	4,810	1,069	5,879
Fund balances carried forward at 31 December		7,722	790	8,512	5,579	931	6,510

The results relate to the continuing activities of the Institution. The group has no recognised gains or losses other than the net movement in funds for the year.

The notes on pages 26 to 44 form part of these financial statements.

Charity statement of financial activities for the year ended 31 December 2024

	Note	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000
INCOME							
Gift aid from subsidiary company	2	72	-	72	71	-	71
Charitable activities:	3						
Qualifications & Membership		4,645	-	4,645	4,557	-	4,557
Knowledge, Training, Promotion & Events		5,930	21	5,951	4,895	20	4,915
Investments	4	59	-	59	68	-	68
TOTAL INCOME		10,706	21	10,727	9,591	20	9,611
EXPENDITURE ON							
Raising funds:							
Investment management costs		(37)	-	(37)	(50)	-	(50)
Charitable activities:	5						
Qualifications & Membership		(4,335)	-	(4,335)	(3,536)	-	(3,536)
Knowledge, Training, Promotion & Events		(5,297)	(162)	(5,459)	(4,888)	(158)	(5,046)
TOTAL EXPENDITURE		(9,669)	(162)	(9,831)	(8,474)	(158)	(8,632)
Net gains / (losses) on investments	10	253	-	253	39	-	39
NET INCOME / (EXPENDITURE)		1,290	(141)	1,149	1,156	(138)	1,018
Transfer between funds:	14	-	-	-	-	-	-
Other recognised (losses) / gains:							
Actuarial gains / (losses) on defined benefit pension schemes	20	963	-	963	(293)	-	(293)
Exchange (losses) arising from retranslation of foreign branches & subsidiaries		(29)	-	(29)	(39)	-	(39)
NET MOVEMENT IN FUNDS		2,224	(141)	2,083	824	(138)	686
Fund balances brought forward at 1 January		5,530	931	6,461	4,706	1,069	5,775
Fund balances carried forward at 31 December		7,754	790	8,544	5,530	931	6,461

Balance sheets at 31 December 2024

	Note	Group 2024 £000	2023 £000	Charity 2024 £000	2023 £000
Fixed assets					
Tangible assets	9	795	608	795	608
Investments	10	6,670	6,385	6,670	6,385
		7,465	6,993	7,465	6,993
Current assets					
Debtors	11	1,544	1,224	1,747	1,368
Cash at bank and in hand		4,411	4,620	4,184	4,370
		5,955	5,844	5,931	5,738
Creditors: Amounts falling due within one year	12	(3,121)	(3,335)	(3,065)	(3,278)
Net current assets		2,834	2,509	2,866	2,460
Total net assets before pension deficit		10,299	9,502	10,331	9,453
Pension scheme funding deficit	20	(1,787)	(2,992)	(1,787)	(2,992)
Total net assets after pension deficit		8,512	6,510	8,544	6,461
Income Funds					
Unrestricted funds					
General funds		9,159	8,221	9,191	8,172
Designated funds	15	350	350	350	350
Pension reserve	20	(1,787)	(2,992)	(1,787)	(2,992)
		7,722	5,579	7,754	5,530
Restricted funds	14	790	931	790	931
Total funds		8,512	6,510	8,544	6,461

These financial statements were approved by the Board of Trustees and authorised for issue on 15 April 2025.

Mr M Apsey



Consolidated cash flow statement for the year ended 31 December 2024

	<i>Note</i>	2024	2023
		£000	£000
Cash flows from operating activities	18	185	1,414
Cash flows from investing activities:			
Dividends and interest from investments	4	59	68
Purchase of fixed asset investments	10	(1,473)	(3,135)
Proceeds from sale of investments	10	1,414	3,067
Purchase of property, plant & equipment	9	(288)	(39)
Net cash (used in) investing activities		(288)	(39)
Change in cash and cash equivalents in the reporting period		(103)	1,375
Cash and cash equivalents at the start of the reporting period		4,620	3,320
Change in cash and cash equivalents due to exchange rate movements		(106)	(75)
Cash and cash equivalents at the end of the reporting period		4,411	4,620

Charity cash flow statement for the year ended 31 December 2024

	<i>Note</i>	2024	2023
		£000	£000
Cash flows from operating activities	18	165	1,511
Cash flows from investing activities:			
Dividends and interest from investments	4	59	68
Purchase of fixed asset investments	10	(1,473)	(3,135)
Proceeds from sale of investments	10	1,414	3,067
Purchase of property, plant & equipment	9	(288)	(39)
Net cash (used in) investing activities		(288)	(39)
Change in cash and cash equivalents in the reporting period		(123)	1,472
Cash and cash equivalents at the start of the reporting period		4,370	2,933
Change in cash and cash equivalents due to exchange rate movements		(63)	(35)
Cash and cash equivalents at the end of the reporting period		4,184	4,370

Notes forming part of the financial statements for the year ended 31 December 2024

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP (FRS 102)); and the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The financial statements are presented in Sterling (£) and are rounded to the nearest thousand pounds.

The Institution meets the definition of a public benefit entity as defined by FRS 102.

Preparation of the accounts on a going concern basis

The Trustees have assessed whether the use of a going concern basis is appropriate when preparing these financial statements and have concluded that there are no material uncertainties about the Institution's ability to continue as a going concern, and that the Institution has sufficient cash reserves to continue to meet its liabilities as they fall due.

In arriving at this decision, the Trustees have taken into account: the group's financial performance during 2024; the budgets and cashflow predictions for the next five-year period; and the level of free reserves held at year-end.

The principal accounting policies adopted by the Institution are set out below:

Basis of consolidation

The financial statements consolidate the financial statements of the UK and Australian branch, its wholly owned UK trading subsidiary IChemE Ltd and its not-for-profit subsidiaries IChemE in Malaysia, IChemE in New Zealand and IChemE in Singapore Ltd, by virtue of the control exercised by the charity. The results of the subsidiaries are consolidated on a line-by-line basis. The results of the subsidiaries are summarised in note 2 of the financial statements.

Income

Income is recognised when the Institution has entitlement to the income, any performance conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Donations are recognised when the Institution has entitlement to the funds, it is probable that the income will be received, and the amount can be measured reliably. When donors specify that donations are to be used for a specific purpose, they will be included in income as a restricted fund when receivable.

1. Accounting policies (*continued*)

Legacy gifts are recognised on a case-by-case basis following the granting of probate when the administrator of the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Subscriptions and events income are accounted for in the year to which they apply. Subscription income received during the year that relates to a subsequent financial accounting period is carried forward as a creditor in the balance sheet and shown as deferred income.

Interest and dividends on investments are accounted for when receivable.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal and constructive obligation committing the Institution to the expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

All expenditure is included in the statement of financial activities on an accruals basis.

Expenditure is recorded net of value added tax unless irrecoverable.

All expenditure, including support costs, are allocated or apportioned to the applicable expenditure headings in the statement of financial activities.

Allocation of support and governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

Governance and support costs relating to charitable activities have been apportioned on the basis of staff costs associated with each activity. The allocation of support and governance costs is analysed in note 6.

Operating leases

Operating lease rentals are charged to the statement of financial activities on a straight-line basis over the terms of the lease.

Tangible fixed assets and depreciation

Fixed assets are recorded at cost or valuation, net of depreciation and any provision for impairment.

Expenditure on individual fixed assets costing over £2,500 is capitalised.

Depreciation is charged on a straight-line basis to write off the cost or valuation less the estimated residual value of assets over their estimated useful lives as at the following rates:

Freehold buildings	-	5%
Office equipment	-	15%
Computer software	-	33%

Freehold land is not depreciated.

1. Accounting policies (*continued*)

Investments

Fixed asset investments are initially recorded at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing bid price. The statement of financial activities includes the net gains or losses arising on revaluation and disposals throughout the year.

Realised gains or losses on investments are calculated as the difference between the sales proceeds and their fair value at 31 December (or historical cost if purchased within the year). Unrealised gains or losses are derived from the movement in fair values during the year.

The Institution does not acquire put options, derivatives or other complex financial instruments.

Fund accounting

The Institution has different types of funds which require separate disclosure. These are as follows:

- Restricted income funds - these are earmarked by the donor for specific purposes within the overall aims of the Institution. The income generated must be used in accordance with the specific purpose.
- Unrestricted funds - these funds comprise funds which are expendable at the discretion of the Board of Trustees in connection with the objects of the Institution. Designated funds comprise unrestricted funds that have been set aside by the Trustee for a particular purpose.

Foreign exchange gains and losses

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken through the statement of financial activities.

Pension costs

Employees of the charity are entitled to join a group personal pension plan. This is a defined contribution pension scheme with assets held in the names of the individual members. The charity contribution is restricted to the contributions disclosed in note 20. The costs of the defined contribution scheme are included within staff costs and are charged to the statement of financial activities in the year in which they become payable.

The charity also operates a defined benefit pension scheme. The scheme was closed to new members and future service accruals in 2006. The assets of the scheme are held separately from those of the Institution in an independently administered fund.

The difference between the fair value of the assets held in the defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the balance sheet as a pension asset or liability as appropriate. Changes in the defined pension scheme asset or liability arising from factors other than cash contribution by the Institution are charged to the Statement of Financial Activities in accordance with FRS 102.

1. Accounting policies (*continued*)

Provisions

Provisions are recognised when the Institution has a present obligation, legal or constructive, as a result of a past event, it is probable that the Institution will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Financial instruments

Financial assets, other than fixed asset investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and underlying assumptions are continually reviewed.

The following are critical judgements that the Trustees have made in the process of applying the Institution's accounting policies:

- determining whether leases entered into by the group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 9). Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of these assets are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as life cycle and maintenance programmes are taken into account. Residual value assessments consider issues such as the remaining life of the asset and project disposal values.
- Trade debtors (see note 11). At each reporting date, trade debtors are assessed for recoverability. If there is any evidence of impairment, the carrying amount of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in the income statement.
- Pensions costs (see note 20). The defined benefit pension scheme obligations are based on actuarial assumptions such as discount rate, the expected rate of return on scheme assets, and mortality rates, which are extensively detailed in note 20.

2. Results of subsidiaries

The summary financial performance and position of the subsidiaries is shown below:

	IChemE Ltd	IChemE in New Zealand	IChemE Malaysia Sdn Bhd	2024 Total	2023 Total
	£000	£000	£000	£000	£000
Income	126	-	76	202	361
Expenditure	(54)	(31)	(116)	(201)	(339)
Net income / (expenditure)	72	(31)	(40)	1	22
Amount gift aided to the Institution	(72)	-	-	(72)	(71)
Retained in subsidiary	-	(31)	(40)	(71)	(49)

Balance sheets

	IChemE Ltd	IChemE in New Zealand	IChemE Malaysia Sdn Bhd	2024 Total	2023 Total
	£000	£000	£000	£000	£000
Fixed assets	-	-	-	-	-
Current assets	153	106	27	286	283
Current liabilities	(153)	(59)	(106)	(318)	(234)
Net current assets	-	47	(79)	(32)	49
Total net assets	-	47	(79)	(32)	49

IChemE Ltd (company number 2817128) is a company limited by shares, incorporated in the United Kingdom.
IChemE in New Zealand (society number 980425) is an incorporated society in New Zealand.
IChemE Malaysia Sdn Bhd (company number 1390908-U).

3. Analysis of income from charitable activities

	Group		Charity	
	2024	2023	2024	2023
	£000	£000	£000	£000
Qualifications & Membership:				
Membership subscription and accreditation fees	4,645	4,560	4,645	4,552
Knowledge, Training, Promotion & Events:				
Journals & publications	1,795	1,623	1,795	1,623
Knowledge communities	423	380	409	358
Conferences, seminars & events	840	693	827	542
Provision of training	2,898	2,379	2,891	2,358
Other income	8	18	8	18
Subscriptions to technical centres (restricted funds)	21	20	21	20
	10,630	9,673	10,596	9,471

4. Investment income

Group and Charity	2024 £000	2023 £000
Interest receivable	7	6
Dividends receivable	52	62
	59	68

5. Analysis of expenditure on charitable activities

Group	Direct activity costs £000	Support costs £000	2024 Total £000	2023 Total £000
Qualifications & Membership	2,614	1,769	4,383	3,573
Knowledge, Training, Promotion & Events	3,987	1,529	5,516	5,260
	6,601	3,298	9,899	8,833

Expenditure on charitable activities was £9,899,000 (2023: £8,833,000) of which £9,737,000 was unrestricted (2023: £8,675,000) and £162,000 was restricted (2023: £158,000).

Charity	Direct activity costs £000	Support costs £000	2024 Total £000	2023 Total £000
Qualifications & Membership	2,612	1,723	4,335	3,536
Knowledge, Training, Promotion & Events	3,945	1,514	5,459	5,046
	6,557	3,237	9,794	8,582

Expenditure on charitable activities was £9,794,000 (2023: £8,582,000) of which £9,632,000 was unrestricted (2023: £8,424,000) and £162,000 was restricted (2023: £158,000).

Net income for the year is stated after charging / (crediting):

	Group		Charity	
	2024 £000	2023 £000	2024 £000	2023 £000
Depreciation	101	78	101	78
Operating leases:				
Plant and machinery	6	3	6	3
Land and buildings	57	55	52	51
Exchange rate differences	(36)	(30)	(31)	(40)

6. Analysis of governance and support costs

Included within expenditure on charitable activities are governance and support costs amounting to £3,299,000 (2023: £2,772,000). These are analysed as:

	Group		Charity	
	2024	2023	2024	2023
	£000	£000	£000	£000
Staff costs	1,179	996	1,138	951
Finance	430	363	426	356
IT	551	588	549	586
Facilities & HR	958	654	948	648
Management & Governance	181	171	175	166
	3,299	2,772	3,236	2,707

The governance and support costs have been apportioned across the charitable activities on the basis of staff time associated with each activity. The charge to each activity was as follows:

	Group		Charity	
	2024	2023	2024	2023
	£000	£000	£000	£000
Qualifications & Membership	1,769	1,384	1,723	1,349
Knowledge, Training, Promotion & Events	1,530	1,388	1,514	1,358
	3,299	2,772	3,237	2,707

Analysis of governance costs:

	Group		Charity	
	2024	2023	2024	2023
	£000	£000	£000	£000
Legal and Professional Fees	61	27	59	26
External Audit	47	44	40	37
AGM & EGM Expenses	9	6	8	6
Electoral Services	4	2	4	2
	121	79	111	71

7. Analysis of trustee remuneration and expenses

Group and Charity	2024	2023
	£000	£000
Expenses paid to or on behalf of 14 (2023: 12) Trustees in respect of travel, subsistence, and accommodation costs	29	41

The Trustees give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2023: £nil).

8. Analysis of staff costs and remuneration to key management personnel

The average monthly headcount for the group during the year was 97 (2023: 92) and for the charity 92 (2023: 88). The number of full-time equivalent persons employed by the group and charity during the year was as follows:

	Group		Charity	
	2024	2023	2024	2023
Qualifications & Membership	36	31	33	29
Knowledge, Training, Promotion & Events	35	35	35	35
Management and Administration	18	20	17	18
	89	86	85	82

The aggregate payroll costs of these persons were as follows:

	Group		Charity	
	2024	2023	2024	2023
	£000	£000	£000	£000
Wages and salaries	3,818	3,493	3,754	3,438
Social security costs	345	323	344	322
Pension scheme contributions	608	399	602	394
Defined benefit pension scheme operating costs	103	102	103	102
Employee benefits	61	60	61	60
	4,935	4,377	4,864	4,316

During 2024, £59,000 (2023: *£nil*) was paid out as redundancy or termination payments, which is included in the table above.

The numbers of employees, including the Chief Executive, whose total employee benefits, excluding employer pension contributions, exceeded £60,000, fell within the following ranges:

	Group		Charity	
	2024	2023	2024	2023
£ 60,001 - £70,000	1	5	1	5
£ 70,001 - £80,000	2	1	2	1
£ 80,001 - £90,000	3	-	3	-
£ 90,001 - £100,000	1	2	1	2
£ 100,001 - £110,000	1	1	1	1
£ 110,001 - £120,000	-	1	-	1
£ 120,001 - £130,000	1	-	1	-
£ 150,001 - £160,000	-	1	-	1
£ 210,001 - £220,000	1	-	1	-

The number of employees who earned more than £60,000 for whom pension benefits are accruing under the defined contribution pension scheme is 10 (2023: 11). Contributions in respect of these employees amounted to £163,000 (2023: £105,000). The Institution considers its key management personnel to comprise the Board of Trustees, the Chief Executive, and the Senior Management Team. The total employment benefits of key management personnel staff, including employer pension contributions and employer's national insurance, were £1,026,000 (2023: £810,000).

9. Tangible fixed assets

Group	Freehold Property £000	Office Equipment & Computers £000	Total £000
Cost or valuation			
At beginning of year	1,800	198	1,998
Additions	-	288	288
Disposals	-	(84)	(84)
At end of year	1,800	402	2,202
Depreciation			
At beginning of year	1,231	159	1,390
Charge for the year	76	25	101
Disposals	-	(84)	(84)
At end of year	1,307	100	1,407
Net book value			
At 31 December 2024	493	302	795
At 31 December 2023	569	39	608

Charity	Freehold Property £000	Office Equipment & Computers £000	Total £000
Cost or valuation			
At beginning of year	1,800	198	1,998
Additions	-	288	288
Disposals	-	(56)	(84)
At end of year	1,800	402	2,202
Depreciation			
At beginning of year	1,231	159	1,390
Charge for the year	76	25	101
Disposals	-	(84)	(84)
At end of year	1,307	100	1,407
Net book value			
At 31 December 2024	493	302	795
At 31 December 2023	569	39	608

Freehold property at 31 December 2024 includes land at valuation of £280,000 (2023: £280,000) which is not depreciated.

10. Fixed Asset Investments

Group and Charity	2024 £000	2023 £000
Fair value at 1 January	6,385	6,319
Acquisitions at cost	1,474	3,135
Proceeds of disposals	(1,442)	(3,108)
Net gains on revaluation	253	39
Fair value at 31 December	6,670	6,385
Historical cost at 31 December	3,798	3,766

All investments are carried at their fair value. An analysis of the fair value of the investments at 31 December 2024 is as follows:

Group and Charity	2024 £000	2023 £000
Equities	3,871	3,169
Fixed Interest	2,099	2,196
Other	571	809
Cash	129	211

Investment in Subsidiaries

The Institution holds 2 shares of £1 each in its wholly owned trading subsidiary company IChemE Ltd which is incorporated in the United Kingdom. These are the only shares allotted, called up and fully paid.

A new private limited company was established in Malaysia in October 2020, IChemE Malaysia Sdn Bhd. The Institution holds 100 shares of MYR 1 each in the wholly owned subsidiary.

The activities and results of these companies are summarised in note 2.

11. Debtors

	Group		Charity	
	2024 £000	2023 £000	2024 £000	2023 £000
Trade debtors	333	339	308	294
Amount due from subsidiaries	-	-	262	213
Other debtors	28	4	28	3
Prepayments and accrued income	1,183	881	1,149	858
	1,544	1,224	1,747	1,368

12. Creditors: amounts falling due within one year

	Group		Charity	
	2024	2023	2024	2023
	£000	£000	£000	£000
Trade creditors	506	398	488	395
Other creditors	335	373	335	362
Taxation and social security	237	250	230	244
Accruals	244	494	218	472
Deferred income	1,799	1,820	1,794	1,805
	3,121	3,335	3,065	3,278

Deferred income relates to annual subscriptions payments and events income which have been paid to the Institution in advance. All deferred income is released to the statement of financial activities in the following year.

13. Commitments

Total future commitments under non-cancellable operating leases are as follows:

Group	2024		2023	
	Land and buildings	Other	Land and Buildings	Other
	£000	£000	£000	£000
Amounts falling due:				
In less than one year	63	5	38	6
In the second to fifth years inclusive	36	3	-	6
Over five years	-	-	-	-
	99	8	38	12

Charity	2024		2023	
	Land and buildings	Other	Land and Buildings	Other
	£000	£000	£000	£000
Amounts falling due:				
In less than one year	56	5	34	6
In the second to fifth years inclusive	36	3	-	6
Over five years	-	-	-	-
	92	8	34	12

A first charge of £500,000 was placed on the freehold premises at Rugby in favour of the Defined Benefit Pension Scheme in March 2017.

14. Analysis of movements in restricted funds

Group and Charity	International Process Safety Group (IPSG) £000	Medals & Awards (MM Sharma / SIESO) £000	Andrew Legacy Fund £000	Sustainability Hub £000	Total £000
At 1 January 2024	32	35	788	76	931
Income	21	-	-	-	21
Expenditure	(25)	-	(106)	(31)	(163)
At 31 December 2024	28	35	682	45	790

The IPSG funds relates to an industry funded technical centre which is administered in accordance with its Statute.

The MM Sharma Medal was created following a donation of £13,000 from the JB Joshi Foundation in 2018. An award of £1,000 is made to the winner(s) of the medal for excellence in the field of chemical engineering. The donation will also be used to fund IChemE's administration expenses of up to £250 in the year of award.

The SIESO Medal was launched in 2019 following a bequest of £29,500 from SIESO (a society that Shared Information and Experience for Safer Operation) which ceased operations in 2018. The medal seeks to raise awareness of process safety among science, business, and engineering students. It consists of an award of £750 and up to £250 in travel allowance to attend the presentation.

The Andrew Legacy Fund seeks to hold a medal lecture on the theme of 'The Science of Formulation of Heterogeneous Catalysts' and to support academic research in enhancing the science of formulation of heterogeneous catalysts. The medal and lecture are normally awarded every three years. The Institution has also set up the Andrew Fellowship which funds up to two early career researchers a year to undertake research in the field of Heterogeneous Catalysts. The Fellowship consists of a stipend of £10,000 a year plus £5,000 a year in expenses for a period of up to four years.

In addition, the Andrew Legacy funds the 'Sydney Andrew PhD Scholarship in Multiscale Catalysis Research' run by the University of Bath. Funding for the Scholarship has been agreed at £25,300 a year for the period 2020-2024. The Fund also pays for up to 20 PhD, EngD or MSc students to attend a week-long summer school Catalysis: Fundamental and Practice about the fundamentals of heterogenous catalysis. The summer school is organised by, and held at, the University of Liverpool's Department of Chemistry every two years.

In March 2021, the Institution received a donation of £200,000 to be used for the development of sustainability knowledge for chemical engineers. A programme of work began in May 2021 to create the Sustainability Hub, with a vision to create and deliver a sustainability knowledge resource. The Sustainability Hub was formally launched in February 2022, and additional training and content continued to be developed in 2024.

15. Analysis of movements in unrestricted designated funds

Group and Charity	Future Institution Transformation Programme £000	Total £000
At 1 January 2024	350	350
Expenditure	-	-
Transfer between funds	-	-
At 31 December 2024	350	350

In January 2022, the Board of Trustees agreed to designate £350,000 to future IT platform and business application enhancements. It is anticipated that this funding will be put towards the re-implementation of the membership database in 2025.

16. Related Party Transactions

During the year recharges have been made between the charity and its subsidiary undertakings. These relate to direct costs and staff costs incurred by one party on behalf of the other. The net amount recharged was:

	Net amount recharged from / (to) the charity in the year		Balance outstanding at year end included in debtors / (creditors) for the charity	
	2024 £000	2023 £000	2024 £000	2023 £000
IChemE Ltd	30	(186)	143	113
IChemE in New Zealand	6	69	42	36
IChemE Malaysia Sdn Bhd	12	21	77	64
	48	(96)	262	213

IChemE Ltd gift aids its operating profit to the charity and the balance of £72,000 (2023: £71,000) is included in debtors for the charity at year end.

17. Analysis of group and charity net assets between funds

Fund balances at 31 December 2024 are represented by:

Group	Unrestricted funds £000	Restricted Funds £000	Total £000
Tangible fixed assets	795	-	795
Investments	6,670	-	6,670
Pension scheme funding deficit	(1,787)	-	(1,787)
Net current assets	2,044	790	2,834
Total net assets	7,722	790	8,512

Charity	Unrestricted funds £000	Restricted Funds £000	Total £000
Tangible fixed assets	795	-	795
Investments	6,670	-	6,670
Pension scheme funding deficit	(1,787)	-	(1,787)
Net current assets	2,076	790	2,866
Total net assets	7,754	790	8,544

18. Reconciliation of net movement in funds to net cash flow from operating activities

Group	2024 £000	2023 £000
Net income	1,078	968
Adjustments for:		
Depreciation on tangible fixed assets	101	78
(Gains) on investments	(253)	(39)
Dividends and interest from investments	(59)	(68)
Investment management fees	27	41
Difference between pension charge and cash contribution	(242)	(222)
(Increase) in debtors	(320)	(23)
(Decrease)/increase in creditors	(214)	648
Exchange (losses) arising from retranslation of foreign branches & subsidiaries	(39)	(44)
Change in cash and cash equivalents due to exchange rate movements	106	75
Net cash provided operating activities	185	1,414
Charity	2024 £000	2023 £000
Net income / (expenditure)	1,149	1,018
Adjustments for:		
Depreciation on tangible fixed assets	101	78
(Gains) on investments	(253)	(39)
Dividends and interest from investments	(59)	(68)
Investment management fees	27	41
Difference between pension charge and cash contribution	(242)	(222)
(Decrease)/increase in debtors	(380)	29
(Decrease)/increase in creditors	(212)	678
Exchange (losses) arising from retranslation of foreign branches & subsidiaries	(29)	(39)
Change in cash and cash equivalents due to exchange rate movements	63	35
Net cash provided by operating activities	165	1,511

19. Analysis of changes in net debt

Group	At start of year	Cash flows	Foreign exchange movements	At end of year
	£000	£000	£000	£000
Cash	4,620	(103)	(106)	4,411
Total	4,620	(103)	(106)	4,411

Charity	At start of year	Cashflows	Foreign exchange movements	At end of year
	£000	£000	£000	£000
Cash	4,370	(123)	(63)	4,184
Total	4,370	(123)	(63)	4,184

20. Pension scheme

Defined contribution scheme

The Institution's Defined Contribution Pension Scheme for UK based staff was established in April 2006 following the closure of the Defined Benefit Scheme. The assets of the Scheme are held separately from those of the charity and from January 2021 were administered by The People's Partnership (formerly The People's Pension), provided by B&CE. The Institution pays one and a half times the percentage that the employee contributes up to a maximum of 12%. The total pension cost charge to the Institution, representing contributions payable to the fund amounted to £550,000 (2023: £356,000).

The total pension cost for the staff of the branch in Australia, which is paid under the superannuation scheme at 12% of base salary, was £52,000 (2023: £38,000).

Pension costs relating to the employees of the Institution's subsidiaries IChemE in Malaysia and IChemE in New Zealand amounted to £6,000 (2023: £5,000).

Defined benefit scheme

The Institution operates a defined benefit pension arrangement called the Institution of Chemical Engineers Pension Scheme. The Scheme provides benefits based on salary and length of service on retirement, leaving service or death. In 2006, the Scheme was closed to new members, future service accruals and salary revaluations were limited with effect from 5 April 2006.

The scheme is funded with the assets being held by the pension scheme's trustees separately from the assets of the Institution.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least every three years to determine whether the Statutory Funding Objective is met. As part of the process, the Institution and the trustees of the Scheme must agree the contributions to be paid to address any shortfall against the Statutory Funding Objective.

20. Pension scheme *(continued)*

The most recent triennial valuation of the Scheme as at 31 December 2023 was carried out during 2024. The results of that valuation showed that the deficit in the Scheme had decreased from £5.26m to £2.65m. In order to continue to address the deficit position, a Recovery Plan was agreed for the Institution to pay an annual contribution level of £368,000 a year, increasing in line with CPI, from 1 February 2024 to 30 November 2031.

The results of the valuation are updated by an independent qualified actuary on an annual basis allowing for cashflows in and out of the Scheme and for changes to assumptions over that period.

The Institution has also provided additional security to the Scheme by way of a charge of £500,000 on the freehold property in Rugby. The security agreement to put the charge in place was submitted to the Land Registry in March 2017.

Administrative and other expenses of the Scheme are payable separately by the Institution.

The principal assumptions used to calculate Scheme liabilities include:

	2024 %	2023 %
Discount rate	5.45% pa	4.45% pa
Inflation (RPI)	3.45% pa	3.30% pa
Inflation (CPI)	2.90% pa	2.90% pa
Pension increase (LP15)	2.85% pa	2.80% pa
Post-retirement mortality	90% of the S3NA tables with CMI 2023 projections using a long-term improvement rate of 1.25% pa. The initial addition is 0.25% pa, the 2020 and 2021 weight parameters are 0%, and the 2022 and 2023 weight parameters are 15%.	90% of 'S3NA' tables with CMI 2020 projections and a long-term rate of improvement of 1.25% pa. The initial addition is 0.25% p.a. and the 2020 weight parameter is 0%
Commutation	All members are assumed to take 25% of their pension as tax-free cash	All members are assumed to take 25% of their pension as tax-free cash

The major categories of assets are as follows:

Asset category	2024 £000	2023 £000
Liability Driven Investment (LDI)	3,516	3,726
Multi-asset Funds	2,935	3,315
Deposit and Treasury	633	364
Cash	49	63
Total	7,133	7,468

20. Pension scheme (*continued*)

Amounts recognised in the balance sheet:

	2024 £000	2023 £000
Fair value of assets	7,133	7,468
Present value of funded obligations	(8,920)	(10,460)
(Deficit) in scheme	<u>(1,787)</u>	<u>(2,992)</u>

Amounts recognised in the statement of financial activities over the year:

	2024 £000	2023 £000
Interest on liabilities	456	460
Interest on assets	(331)	(331)
Total	<u>125</u>	<u>129</u>

Remeasurements over the year:

	2024 £000	2023 £000
Loss/(gain) on assets in excess of interest	584	(114)
Experience (gains)/losses on liabilities	(269)	187
(Gains)/losses from changes to demographic assumptions	(162)	-
(Gains)/Losses from changes to financial assumptions	(1,116)	220
Total	<u>(963)</u>	<u>293</u>

The change in the value of the assets over the period was:

	2024 £000	2023 £000
Fair value of assets at beginning of period	7,468	7,066
Interest on assets	331	331
Institution contributions	367	351
Benefits paid	(449)	(394)
Return on assets less interest	(584)	114
Value of assets at end of period	<u>7,133</u>	<u>7,468</u>

The actual return on assets over the period was £253,000.

20. Pension scheme *(continued)*

The change in the value of the defined benefit liabilities over the period was:

	2024 £000	2023 £000
Value of liabilities at beginning of the period	10,460	9,987
Interest on liabilities	456	460
Benefits paid	(449)	(394)
Experience (gain)/loss on liabilities	(269)	187
Changes to demographic assumptions	(162)	-
Changes to financial assumptions	(1,116)	220
Value of liabilities at end of the period	8,920	10,460

	2024 £000	2023 £000
Actuarial gains/(losses)	963	(293)

The annual contribution level for the period 1 February 2024 to 31 January 2025 was £367,000. This will be increased by CPI inflation of 2.5% in line with the Recovery Plan to £377,000 for the period 1 February 2025 to 31 January 2026.

THE INSTITUTION OF CHEMICAL ENGINEERS

England & Wales - Charity number 214379

Accounts

Institution of Chemical Engineers

Annual Report and Consolidated
Financial Statements
for the year ended 31 December 2023

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Trustees' Report

The Board of Trustees is pleased to present its annual report together with the financial statements of the charity and its subsidiaries for the year ended 31 December 2023.

The financial statements comply with the *Charities Act 2011* and *Accounting and Reporting by Charities: Statement of Recommended Practice* applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Reference and Administrative Details

The Institution of Chemical Engineers (IChemE) is a registered Charity in England and Wales (charity number 214379) and a charity registered in Scotland (SC039661).

Principal Office

Davis Building, Railway Terrace, Rugby, Warwickshire, CV21 3HQ

Auditors

RSM UK Audit LLP, 10th Floor, 103 Colmore Row, Birmingham, B3 3AG

Main Bankers

NatWest Bank Plc, Silbury House, 300 Silbury Boulevard, Milton Keynes, MK9 2ZF

Solicitors

Mills & Reeve, 100 Hills Road, Cambridge, CB2 1PH

Investment Managers

Rathbone Investment Management Limited, 8 Finsbury Circus, London, EC2M 7AZ
Ruffer LLP, 80 Victoria Street, London, SW1E 5JL

Trustees

The Trustees serving through the year were as follows:

1 January 2023 – 13 June 2023

Prof IDL Bogle
Ms LJ Cutler
Mr JN Hirst
Dr DW Edwards
Dr RJ Best
Mrs A Hosey
Ms AL Meldrum
Mrs MD Isles-Ahite
Prof R Ocone
Mr DM Sutton
Mr RE Tucker
Mrs WJ Wilson

From 13 June 2023

Mr JN Hirst
Prof IDL Bogle
Mr ME Aspey
Dr DW Edwards
Dr RJ Best
Mrs A Hosey
Ms AL Meldrum
Mrs MD Isles-Ahite
Prof R Ocone
Mr DM Sutton
Mr RE Tucker
Ms A Vargas-Colwill

Chief Executive

Ms YD Baker (from 12 April 2023)

Senior Management Team

Ms J Downham: Chief Operating Officer (Interim Chief Executive to 12 April 2023)
Mrs R Baxter-Smith: Director, Qualifications (from 18 September 2023)
Mr D Lloyd-Roach: Director, Qualifications (to 18 September 2023)
Dr R Bibby: Director, Member Experience & Professional Learning (from 1 November 2023)
Mrs C Flavell-While: Director, Learned Society
Mr A Foster: Director, Regions
Ms P Kerin: Director, IChemE Safety Centre

Objectives and activities for the public benefit

The Institution of Chemical Engineers (IChemE) is an internationally recognised professional body committed to advancing the contribution of chemical engineering for the benefit of society.

We develop, maintain, and administer standards of professionalism, education, safety and best practice across all aspects of chemical and process engineering alongside attracting diverse talent into the discipline. We are committed to inspiring early-career professionals to develop their competence, so future-proofing the profession and ensuring that chemical engineers have the knowledge and skills to deliver economic benefit and wellbeing whilst keeping society safe from harm.

Applications for membership and professional registration are carefully assessed through a rigorous peer review process, thereby promoting high standards, competence, and professional development across our community.

We use the knowledge and expertise of our members to inform policy development and advance the practice of chemical engineering globally. We recognise and celebrate excellence in individuals and companies across the discipline.

The Objects of the Institution as set out in the Royal Charter are:

to promote, foster and develop the general advancement of the art and science of chemical engineering in all its branches as an end in itself and as a means of furthering, in a responsible manner, both the scientific and economic development and the application of sustainable processes in which chemical and physical changes of matter and energy are involved and to promote, assist, finance and support such research, investigation and experimental work in chemical engineering as the Institution may consider likely to help bring about or contribute to those ends and to the benefit of the global community now and in the future.

The Powers vested in the Institution to achieve these objects are:

- To hold meetings of the Institution for reading and discussing papers and communications bearing upon the science of chemical engineering or the application thereof or upon subjects relating thereto and generally to advance knowledge of chemical engineering.
- To print, publish, sell, lend, or distribute the proceedings or the reports of the Institution or any papers, communications, works or treatises on chemical engineering or its application or subjects connected therewith in the English or any foreign tongue or any abstracts thereof or extracts therefrom.
- To co-operate with Government Departments, Universities, other Educational Institutions, and public educational authorities for the furtherance of knowledge of and education in chemical engineering, science, or practice.
- To publish statements in the public interest for the education or information of the general public on matters involving the science or application of chemical engineering.
- To hold or prescribe examinations or other assessments for candidates for election to Voting and Non-Voting membership and by requiring standards of knowledge and experience approved by the Institution.
- To maintain, under licence from the Engineering Council (UK) or the Science Council, or any other successor organisations, or any other appropriate organisations, such Register, or parts thereof, as refer to relevant Chartered Practitioner status or to relevant Technician or other status.
- To co-operate with any other organisations to advance the cause of chemical engineering or for economic purposes related thereto.
- To do all other things incidental or conducive to the attainment of the above objects or any of them.

Our strategy

Key strategic objectives for the period covered by this report were defined under the Institution's Strategy 24 framework, namely:

- Respected for professionalism and technical competence;
- Recognised as a vibrant learned society that addresses the Global Grand Challenges;
- Acknowledged as an Institution of choice in which an engaged membership receives and adds value;

underpinned by a high performing organisation, adding significant value.

Strategy 28+

During 2023, a strategic review assessed progress against these objectives and identified areas for strengthening.

The resulting Strategy 28+ is an evolution of Strategy 24, setting out the Institution's direction for the next five years and beyond with the aim of putting chemical and process engineering at the heart of a sustainable future – benefitting members, society and the environment.

To achieve our vision of engineering a sustainable future, two strategic goals have been identified supported by five enablers which will need to be underpinned by a responsive, adaptable, sustainable and high performing organisation, driven by purpose and impact.

The Institution will use its expertise, knowledge and reach to support a vibrant and thriving profession, and collaborate with others to serve society, as illustrated through our two strategic goals.

Strategic Goal 1			Strategic Goal 2	
Supporting a vibrant and thriving profession by helping to: ▪ Contribute demonstrably to the UN Sustainable Development Goals (SDGs) ▪ Attract a diverse range of talent into chemical and process engineering ▪ Enable members, organisations and society to achieve their potential ▪ Lead and support the positive impact chemical and process engineering has on society			Serving society by collaborating with others through: ▪ Contributing to the development and sharing of knowledge, skills and research and using this to drive continuous improvement in efficient and safe operations ▪ Increasing awareness and understanding of how chemical and process engineering contributes to society through championing and promoting that contribution	
Enabler 1	Enabler 2	Enabler 3	Enabler 4	Enabler 5
Engaging with governments, industry, employers, academia and the public to further understanding of our profession and its contribution to society.	Supporting and developing members and potential members through all stages of their career journeys. Helping them to understand and realise the benefits of membership in a global community.	Be recognised as a trusted, vibrant professional body using member knowledge and expertise to materially impact the major challenges facing society.	Growing an active, inclusive and engaged membership encompassing the diverse careers and contribution of our profession.	Developing and growing a viable programme of commercial activities to support the Institution's charitable purpose.

Public Benefit

The Institution works to fulfil its goals globally, reflecting its broad and inclusive membership and the wider chemical engineering profession. It benefits the public and society by promoting high standards of engineering competence, professional ethics, safety, and sustainability, thus enabling industry and society to benefit from a competent profession and its practitioners.

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Institution's aims and objectives and in planning its future activities.

Achievements and performance

In 2023, the Institution continued to operate to the aims stated within Strategy 2024, progressing across all four aims, as summarised below.

Aim 1: Respected for professionalism and technical competence

A three-stage membership application process for applicants seeking professional qualification was introduced in 2021. In 2023, further improvements were delivered, resulting in smoother applicant and assessor experiences, and providing greater data and analysis to drive improvement.

Changes to membership and qualifications-related regulations were approved by the Board of Trustees and published in: '[Admission, Qualification, Training and Professional Development Regulations](#)'.

At the end of 2023, IChemE had a total of 30,000 members, of which 40% were Chartered Members or Fellows - a 1% rise on the end of 2022.

Accrediting qualifications

The Institution continued to support universities and training providers by accrediting educational programmes and fostering good practice. Fifteen in-person and virtual university accreditation visits took place across the UK and internationally.

Accrediting graduate company training schemes

The Institution continued to support employers and early career chemical and process engineers via the accreditation of graduate training schemes. In 2023, IChemE carried out accreditation visits to 16 employers in the UK. IChemE currently accredits 58 graduate training schemes in total.

Members' commitment to Continuing Professional Development (CPD)

Members and registrants commit to maintaining and enhancing their competence throughout their careers via appropriate continuing professional development (CPD). The '[Admission, Qualification, Training and Professional Development Regulations](#)' set out the requirements for members to comply with the CPD requirements of the Institution. Registrants are required to comply with the CPD requirements of the individual licensing bodies, where they differ from IChemE's.

During 2023, IChemE contacted a selection of members and registrants with a request to demonstrate their engagement with CPD. This was reviewed by trained member volunteers, and brief feedback provided.

Aim 2: Recognised as a vibrant learned society that materially impacts on the Global Grand Challenges

The Learned Society Committee guides delivery of outputs and activities against agreed priorities. In 2023, these included:

Responsible Production

A Letter of Intent was signed to collaborate with the American Institute of Chemical Engineers (AIChE) on building a global hydrogen alliance, supporting the development and use of hydrogen technologies. Initial activity enabled development of a joint work plan, commencing with a series of webinars in early 2024. IChemE also agreed to support a proposed Cooperative Research Centre (CRC) in Australia. If funded by the Australian Government, this will work to scale up the production of green hydrogen.

IChemE continues to report on its Scope 1 and 2 CO₂ emissions, as per its commitment with the Climate Change policy.

Major Hazards Management

The Major Hazards Committee established a working group to analyse the process safety competencies required by chemical engineers across their career, to report in Q1 2024.

IChemE published guidance developed by the Major Hazards Committee clarifying how the Engineering Council's six guiding principles on risk should be applied in the process industries. IChemE also submitted a proposal to British Standards for development of a certifiable standard for process safety management systems. This is currently under consideration.

Digitalisation

During 2023, IChemE's Digitalisation Technical Advisory Group (DigiTAG) published a series of fact files on cybersecurity, alongside six articles for *The Chemical Engineer* on various digitalisation and digital technologies in collaboration with special interest groups, communities of practice, member communities and expert members.

As part of Strategy 28+, additional priorities will align with appropriate United Nations Sustainable Development Goals (SDGs), including:

- Energy and Climate Action (SDGs 7 and 13);
- Water and Sanitation (SDG 6);
- Food, Health, and Wellbeing (SDGs 2 and 3);
- Responsible Production, Innovation, and Industry (SDGs 9 and 12);
- Quality Education, including lifelong learning (SDG 4);
- Process Safety, including Major Hazards Management;
- Digitalisation, including cyber security.

Special interest groups (SIGs) and communities of practice (CoPs)

During 2023, IChemE's 19 SIGs, two CoPs and other groups ran 177 technical webinars. Around 15 webinars across the full spectrum of the Institution's interests are provided for members each month, with some seasonal variations.

Project funding enabled groups to attend external meetings and drive activity, including an event for early-career chemical engineers at the *European Symposium on Computer Aided Process Engineering* in Athens, in June 2023, and Clean Energy SIG contributions to the 2023 conference on *Fuel and Energy Research and its Applications* (FERIA).

Policy work

During 2023, alongside supporting policy work through the Royal Academy of Engineering, IChemE directly responded to the following consultations and enquiries:

- Technological innovations and climate change: onshore solar energy (Environmental Audit Committee) (UK);
- Australia's Critical Minerals Strategy - Discussion Paper (Australia);
- Voice of the Future, House of Commons;
- Australia's Science and Research Priorities (Australia);
- Onshore Solar Technologies, UK;
- Supporting responsible AI;
- Australia's Industry Growth Programme;
- Hydrogen HeadStart;
- Keeping the Power on - the future Energy Technology Mix;
- Retained EU Law - the effect on safety legislation.

IChemE also responded to requests for policy input from partners, including:

- Fit for the Future: Growing and Sustaining Engineering and Technology Apprenticeships for Young People Inquiry (UK);
- Strategic Advantage through Science and technology: the engineering view;
- Exploring recommendations for the R&D skills landscape;
- Maritime transport and net zero - options for future fuels;
- Wastewater and public health - engineering options.

The Chemical Engineer

The Chemical Engineer continues to be a valued member benefit, with 92% of respondents to the most recent survey saying they read a significant number of articles in every issue. 78% of chartered respondents agreed that features published by *The Chemical Engineer* are 'practicable, relevant and/or engaging'.

Journals

The 2022 Impact Factors for journals, announced in mid-2023, saw IChemE perform better than comparable journals. Two IChemE journals showed particularly strong performance - *Sustainable Production and Consumption* (SPC) and *Education for Chemical Engineers* (ECE).

Specialist publications

The *Loss Prevention Bulletin* (LPB) continues to be well received and is now available to all members on-line free of charge. The Forms of Contract suite was expanded to include the *Engineering, Project Management & Construction Management (EPCM) Form of Contract* (the ‘Blue Book’), published in April 2023.

Fellowships

In September, Dylan Sherman, became the latest recipient of the Ashok Kumar Fellowship, established to enable chemical engineers to inform the work of UK Members of Parliament (MPs) and policymakers.

Events

The annual process safety conference Hazards 33 took place in Birmingham UK in 2023 with a record attendance of over 370 delegates, sponsors, and exhibitors from countries including China and the Czech Republic.

Chemeca 2023 was held in Auckland, New Zealand in October 2023, attracting over 200 participants, including IChemE’s Chief Executive Yvonne Baker OBE. This included the popular Student Hackathon, won by the University of New South Wales.

Training

2023 saw 110 public training courses engaging with more than 1,000 members and non-members online and face-to-face. More than 60 in-company training courses were delivered to over 40 companies around the world.

IChemE continued to provide members with free on-demand training via the Sustainability Hub, with further content made available.

Promoting process safety

IChemE continued to promote process safety and advance the understanding and application of major hazards management techniques during 2023. The IChemE Safety Centre (ISC) continued to grow and diversify its membership internationally, ending the year with 55 operating and industry partners and 49 supporting partners.

Since its development, the ISC’s process safety leadership and culture programme has been run over 55 times, involving 600 participants. In 2023, the programme, delivered as public courses alongside in-company training, was presented 12 times to attendees from ten different countries.

The ISC continued to produce a range of incident anniversary videos for social media audiences, with the content well-received across its platforms.

In March 2023, the ISC held an *Ethics in Safety event*, with a panel discussing real-life stories and experiences with ethical decisions. Panellists included two IChemE Past Presidents, Professor David Bogle and Dame Judith Hackitt, alongside Dr Steven Flynn, Trish Kerin and Craig Wright.

Recognising excellence

The IChemE Global Awards took place in November 2023, celebrating achievement in chemical, biochemical and process engineering across 19 award categories. There was significant global representation at the ceremony, with winners and highly commended finalists from countries including Trinidad and Tobago, the United States, Portugal, Australia, and Malaysia.

IChemE’s medals and prizes programme continued to recognise excellence in chemical and process engineering, with a focus on contributions to sustainability. In 2023, 15 individuals and five groups were honoured, including Professor Adisa Azapagic, who was awarded the Davis Medal, for her work on sustainable production and consumption.

Aim 3: Acknowledged as a peer-group leader in which an engaged membership receives and adds value

Membership engagement

IChemE continued its emphasis on membership engagement during 2023 including specific efforts to improve career journey support, encourage student and early careers members, and recognise volunteers. The central importance of an engaged and active membership has been taken through into Strategy 28+, including an emphasis on making our voice heard where chemical and process engineering have specific contributions, such as working towards a sustainable world.

Member Groups and Special Interest Groups continue to thrive, with many offering virtual as well as in-person events, so enabling members to participate regardless of location. Member and Special Interest Group activity included 177 technical webinars during 2023, attracting nearly 20,000 participants.

IChemE ramped up its student and young people's engagement in the second half of 2023, including 50 presentations to chemical engineering undergraduates at universities in the UK, Australia and Malaysia, 69 membership presentations to members and potential members working within our network of industrial clients, corporate partners and ACTS companies.

Australia and New Zealand's 2023 Student Summit took place across August and September, comprising three events in Adelaide, Sydney and Perth. The summit considered how IChemE can better support students' careers and on-going development and activities included speed networking with fellow students and industry representatives.

DiscoverChemEng was launched in Autumn 2023 to raise awareness of chemical engineering as a career among young people, their teachers, parents and other influencers. The resources have been well received and are available for all members to use, free of charge.

Volunteering at IChemE

Volunteers are the lifeblood of IChemE and it is a priority to recognise and support them.

During 2023 over 2,700 volunteers contributed to the achievements of the Institution across a range of volunteer roles, including professional reviewer, mentor, member group and special interest group committees, members of Congress and the Board of Trustees.

Over 100 volunteers undertook training for reviewer and assessor roles for Membership and Qualifications and more than 50 offered to support school engagement. This included volunteers assisting schools with the Davidson Inventors Challenge – a competition open to UK students in Years 11 and 12 themed around UN's SDGs – and two local school outreach events.

In December 2023, IChemE celebrated the UN International Volunteer Day with the launch of digital badges recognising the expertise and achievement of our volunteers. The badge is shareable on social media platforms to highlight involvement with the Institution and has been well received.

Policy and impact

In December 2023, IChemE convened the first in a series of roundtable discussions on topics where chemical and process engineering can support public policy and awareness. The first discussion focussed on Battery Energy Storage Systems. It was chaired by IChemE Deputy President, Mark Apsey MBE, and included experts from professional engineering institutions, regulatory bodies, industry and academia. A summary paper was produced and shared with participants and members via *The Chemical Engineer*.

In November 2023, IChemE's President, Nigel Hirst, hosted a visit to the Rugby office by Mark Pawsey, MP for Rugby. Discussion included the critical importance of attracting a diverse range of talent into chemical engineering to engineer a sustainable world and the need for policy influencers to have access to appropriate science and engineering expertise.

Organisational development

On 14 June, Nigel Hirst CEng FIChemE was inaugurated as 82nd President of the Institution of Chemical Engineers. He delivered his Presidential Address to an audience of members, trustees and invited guests in-person at the Royal Society of Chemistry premises in London and on-line. Speaking on the topic "*Chemical Engineering: Science...or Art?*", the President set out his ambitions for improving further IChemE's positive impact on society through the sharing of knowledge and expertise. He celebrated the huge contributions made by volunteers and highlighted the critical role of engineers in meeting the challenges facing the world.

The President set out four themes for his tenure:

- **collaboration** - working with members, employers, government, engineering institutions and others to maximise our collective benefits to and impact on society.
- **continuous learning** - supporting chemical engineers, and those working in the sector, with meaningful development opportunities throughout their careers.
- **community** - ensuring the IChemE is an inclusive and welcoming community for everyone involved in and associated with chemical and process engineering.
- **choice** - increasing the number and diversity of young people choosing chemical engineering.

Yvonne Baker OBE CEng MIChemE became Chief Executive of the Institution in April 2023.

Plans for the future

IChemE's Strategy 28+ outlines the Institution's direction for the next five years and beyond. With a vision of "Engineering a Sustainable World", the Strategy puts chemical and process engineering at the heart of a sustainable future, benefitting members, society and the environment.

As part of this, the 2024 business plan identifies three priorities:

1: Sustainable membership growth - ambitious but achievable growth targets (3 to 5% per year) have been set out. The focus is sustainable growth – attracting new members into the Institution at all levels, ensuring they are then supported and engaged.

2: Improving member experience - the IChemE is its members. Members are the lifeblood of the organisation, giving their time and expertise to benefit society, the economy and the planet. IChemE has established a new Member Experience function, working closely with the Qualifications and Registration teams, to ensure that all members receive a continually improving service throughout and beyond their education and working lives.

3: Making our voice heard - a key role for IChemE is raising awareness of the pivotal role of chemical and process engineering in society, particularly in addressing the 'wicked problems' facing the world including climate change, energy and food security and global health. Working with members and partner organisations in the UK, Australasia and globally, IChemE will use its collective knowledge to engage with, and be a trusted advisor to governments, policymakers, and the public.

Financial Review

The financial statements for the year ended 31 December 2023 are set out on pages 20 to 39.

The charity only financial results incorporate the results of the UK and its branch in Australia.

The group financial statements also include the results of the Institution's UK trading subsidiary, IChemE Ltd, and the charitable activities of the Institution's subsidiaries in Malaysia and New Zealand.

Unrestricted funds

Total group income for the year was £9,850,000 (2022: £8,642,000). The principal sources of income were from:

- Membership subscription and accreditation fees totalling £4,560,000 (2022: £4,098,000).
- IChemE's training course activity generated £2,379,000 (2022: £1,943,000) in delegate fees. A further £693,000 (2022: £597,000) was received from attendance and sponsorship of major conferences and the global awards event.
- Royalty fees from our journals and sales of publications totalling £1,623,000 (2022: £1,369,000).
- Income from the Institution's knowledge communities of £380,000 (2022: £364,000), the majority of which relates to company subscriptions to the IChemE Safety Centre. Other income from collaboration with other entities generated £18,000 (2022: £14,000).
- The income of the Institution's trading subsidiary IChemE Ltd, which is generated mainly through the sale of advertising space in *The Chemical Engineer*, was £129,000 (2022: £193,000).
- There were no donations or legacies received or notified to the Institution in 2023.
- Dividends and interest on the Institution's investment portfolio was £68,000 (2022: £64,000).

Total group expenditure for the year was £8,783,000 (2022: £8,201,000).

Overall net income before gains on investments funds, was £1,067,000 (2022: £441,000). Unrealised gains on investments for the year were £39,000 (2022: losses £367,000) resulting in an overall net income of £1,106,000 (2022: £74,000).

After the other recognised gains or losses; actuarial loss on the defined benefit pension scheme of £293,000 (2022: gain £1,366,000); as well as exchange losses on the retranslation of the balance sheets of the foreign branches and subsidiaries of £44,000 (2022: gains £114,000), the unrestricted fund balance at year end increased by £769,000 (2022: £1,554,000) to £5,579,000 (2022: £4,810,000).

The Institution's wholly owned trading subsidiary, IChemE Ltd, achieved an operating profit of £71,000 (2022: £122,000), which has been gift aided to the Institution. The results of the UK trading subsidiary and of the subsidiary undertakings in Malaysia and New Zealand are set out in note 2 to the financial statements.

Restricted funds

Restricted funds are income funds that can only be used for specific purposes which have been specified by the donor, or by the terms applied to an appeal for funds.

The net expenditure on restricted funds for 2023 was £138,000 (2022: £245,000).

The total restricted fund balance at year end was £931,000 (2022: £1,069,000).

The movement in restricted income funds is set out in note 14 to the financial statements.

Investment policy and powers

Investments are held in accordance with the By-laws of the Institution. The Trustees have the power to invest all monies not immediately required for operational activities as it sees fit and to appoint advisers to make such investments on its behalf.

IChemE continues to use the services of an independent financial advisor to review and monitor the investment portfolio. The performance of the funds and ongoing investment strategy is formally reviewed by the Finance & HR Committee throughout the year.

The investment policy adopted by the Trustees is to achieve a target return of CPI + 3% over a 5-year rolling basis and over a rolling 3-year period to achieve a minimum return of CPI. The Institution's investment objective remains to achieve long term capital growth with income.

The investment portfolio is split between Rathbones Investment Management Limited and Ruffer LLP. Both organisations are working to this investment policy and apply their individual judgement for asset allocation and investment selection to achieve the investment objective.

The Trustees have considered their approach to ESG (Environmental, Social and Governance) within the investment strategy. The approach currently taken is not to specifically exclude any assets or investments, or to hold dedicated ESG investment funds. Both Rathbones and Ruffer consider ESG factors when evaluating investments and have their own ESG scoring mechanism for companies included within the investment portfolio. They work to improve ESG within those companies through active engagement and influence.

During the year, the investment funds received £68,000 (2022: £64,000) in interest and dividends, and incurred management fees of £41,000 (2022: £66,000). The funds generated unrealised gains of £39,000 (2022: losses £376,000). The total return for the year, taking into account all income, management fees and market value movements, was an increase of 1.0% (2022: decrease of 5.4%).

No disinvestments were made from the funds in 2023 (2022: £nil). All income received during the year has been re-invested.

The Institution's investments are recorded at market value. The market value of the investment portfolio at 31 December 2023 was £6,385,000 (2022: £6,319,000). The gains and losses on revaluation have been recognised in the Statement of Financial Activities.

Reserves policy

The Finance and HR Committee reviews the Institution's reserves policy and level of reserves held on an annual basis. The Committee considers all relevant information including the five-year budget and business plan, the strategic plan and the risks identified in the risk register.

The current reserves policy adopted by the Trustees is to hold free reserves equivalent to the level of committed costs plus a margin of 10%. This level of reserves is considered appropriate to demonstrate appropriate financial management of the Institution and to ensure the financial stability of the Institution in periods where there is a short to medium term shortfall in operating income. For 2023, the level of reserves required to meet this policy was £3,800,000.

The level of unrestricted reserves freely available at the year-end was £7,613,000 (2022: £6,734,000).

The current level of reserves held is in excess of the policy. The Trustees are comfortable holding excess reserves due to:

- the investment required to meet the next Strategy, some of which will require funding from reserves;
- the potential decline in the market value of the investment funds due to uncertainty in the investment market;
- to protect the Institution against fluctuating income levels;
- the defined benefit pension scheme liabilities could increase further with future years' triennial valuations.

Unrestricted free reserves exclude the designated fund of £350,000 (2022: £350,000), fixed asset reserves of £608,000 (2022: £647,000) and are stated before taking account of the pension-funding deficit of £2,992,000 (2022: £2,921,000) calculated under FRS 102. Due to the extremely long-term nature of the pension reserve, the unrestricted reserves freely available are considered a more appropriate measure.

Recognising the long-term nature of the liability, the Trustees are fully committed to the continuing support of the Defined Benefit Pension Scheme and working closely with the Pension Scheme Trustees when considering the triennial valuation results and in setting any recovery plan to eliminate the deficit in the Scheme. The contributions paid into the Scheme are included in the Institution's annual budgeting process to ensure, where possible, they are covered from operational activity rather than drawn down from reserves. The Trustees also work closely with the Pension Scheme Trustees to look at ways that the Scheme could be de-risked further, having already been closed to new members and future accruals and having utilised a Liability Driven Investment structure.

Further information on the Defined Benefit Pension Scheme can be found in note 20 to the financial statements.

The total funds held at year end, after taking into account the pension-funding deficit, amounted to £6,510,000 (2022: £5,879,000). The total fund balance includes restricted funds of £931,000 (2022: £1,069,000).

The Trustees have considered the level of reserves held at year end and believe they are sufficient to protect IChemE from serious disruption to its work.

Structure, Governance and Management

Governing Document

The Institution of Chemical Engineers was founded in 1922 and incorporated by Royal Charter in 1957.

The governing documents under which the Institution operates comprise the Royal Charter, as amended, the By-laws of the Institution, and Regulations made from time to time by the Board of Trustees, which is the Institution's governing body.

The Institution is a registered charity in England & Wales and a charity registered in Scotland.

Appointment of Trustees

The Trustees are elected in accordance with the Royal Charter and By-laws and the Board comprises the following roles:

- President
- Deputy President
- Immediate Past President
- Treasurer
- three Vice-Presidents
- three ordinary members
- two regional members

The President, Deputy President and Immediate Past President are elected annually. Those eligible for election as President shall be the Deputy President or, if in the opinion of the Board of Trustees special circumstances exist, a Fellow. The person eligible as Immediate Past President shall be the retiring President.

The Treasurer, Vice-Presidents, ordinary members, and regional members of the Board shall be elected for a term not exceeding three years nor less than one year.

Trustee induction and training

All new Trustees receive an induction pack including the By-laws and Regulations of the Institution, recent minutes of meetings, and the relevant Charity Commission publications outlining their roles and responsibilities as a Charity Trustee. An induction programme takes place annually for all new Trustees, also available for existing Trustees, to get an oversight of the structure of the Institution and its activities.

Trustees have a legal duty to avoid conflicts of interest so that they can focus exclusively on the best interests of the Institution. The Institution maintains a register of interests, which is updated annually or when any changes are reported by Trustees. Procedures are in place for managing conflicts of interest that may arise during Trustee meetings.

Institution structure

The Board of Trustees is the governing body of the Institution and has ultimate responsibility for providing strategic direction and for ensuring that the charitable objects set out in the governing document are met. The Board of Trustees meets formally at least four times a year to review performance against these objects.

Congress is the representative advisory body serving as a link between the Institution's members and the Board of Trustees. Congress consists of up to forty members, all members of the Institution, who are nominated and elected by their peers from a functional or geographical college. The functional college consists of up to 15 representatives to broadly reflect the Institution's membership across the various grades. The regional college consists of up to 25 representatives to reflect the geographical footprint of the Institution's membership. Congress members are elected for a term of three years, renewable up to a maximum term of six years.

The Congress Steering Group is responsible for the oversight and facilitation of the conduct of Congress and the engagement of Congress members. The Steering Group consists of the Congress Chair, Vice-Chair, the Chief Executive, and a designated Trustee lead.

Congress holds up to three sessions a year, which are held as online open forums each lasting up to thirty days. The agenda for the sessions is determined by the Chair of Congress in consultation with the Congress Steering Group.

The Chief Executive is appointed by the Board of Trustees and has delegated authority for the day-to-day operation of the Institution, its branches and subsidiary undertakings. The Chief Executive is supported by the Senior Management Team.

The Board of Trustees are the registered Trustees of IChemE's branch in Australia, which is registered with the Australian Charities and Not-for-profits Commission. The branch has a National Board to advise the Trustees on how IChemE's strategy can be delivered locally.

The Institution's operations in Malaysia and New Zealand, each have their own National Boards operating under delegated authority from the Board of Trustees and in compliance with local regulatory requirements.

The Institution has a wholly owned trading subsidiary in the UK, IChemE Ltd, established to operate the sale of advertising space in the Institution's journals and publications. The company gift aids its taxable profits to the Institution.

In addition to Congress and the local National Boards, there are a number of standing Committees operating under delegated authority from the Board of Trustees which have been established to facilitate the efficient operation of the charity. These consist of:

- Qualifications Committee
- Learned Society Committee
- Member Engagement Committee
- Governance Panel
- Finance & HR Committee
- Audit and Risk Committee
- Succession Planning Committee
- Nominations Committee
- Professional Conduct Pool
- Commercial Panel

The Scheme of Delegation, which is reviewed annually, sets out the powers delegated to these Committees and Panels.

The Institution also has an extensive network of National, Regional and Special Interest Groups enabling members to get involved in the Institution's activities. Each group has its own committee, made up of members of the Institution, who meet regularly throughout the year. The activities conducted by the Groups include technical meetings, continuing professional development, school liaison visits, and networking events.

Staff participation is encouraged at all levels in the making of decisions which affect the Institution's management and future development. Regular meetings are held to update all staff on the Institution's activities and other emerging issues.

Volunteers

All Trustees and the various members of boards, committees and panels give their time on a voluntary basis. The voluntary effort and contribution on the part of the members is at the heart of the Institution's success.

Fundraising

The Institution does not actively undertake any fundraising activities from the general public or use the services of professional fundraisers or commercial participators.

The Institution is not bound by any regulatory scheme and is not subject to any voluntary code of practice regulating fundraising.

No complaints have been received by the Institution in relation to fundraising activities.

Remuneration policy for key management personnel

The Institution considers its key management personnel to comprise the Board of Trustees, the Chief Executive and the Senior Management Team. All Trustees give their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses and related party transactions can be found in notes 8 and 16 to the accounts.

The pay of the Chief Executive and Senior Management Team is set and monitored by the Finance & HR Committee.

The Institution is committed to ensuring that it pays its staff fairly and in a way which ensures it attracts and retains appropriately qualified staff to lead, manage, support and deliver the Institution's charitable objects.

Professional advice is sought where appropriate to establish appropriate benchmark levels for each position or group of positions within the organisation structure. These benchmark rates are reviewed regularly. When inflation is relatively low this review may not be annual and so an interim inflationary adjustment to the benchmark salary level may be made.

The Institution does not employ interns without pay and it complies with the living wage for all staff.

In addition to financial remuneration, the Institution seeks to provide staff with a supportive working environment and wherever possible works to promote the wellbeing of staff and satisfactory work-life balance.

Risk management

The Trustees are responsible for overseeing risk management across the organisation and for ensuring that a sound system of internal control is maintained that supports the achievement of IChemE's strategic aims and objectives. The day to day management of risk is delegated to the Chief Executive and the Senior Management Team.

The Audit & Risk Committee is responsible for assessing the effectiveness of risk management and internal controls across the organisation.

A strategic risk register is maintained by the Senior Management Team and is updated on a regular basis. The Audit & Risk Committee regularly reviews the risk register, concentrating on the highest scoring risks and their control and mitigation measures.

The business planning and budgeting cycle is used to set objectives for the following five years, agree action plans, allocate resources, and to identify new risks or changes in existing risks or their control measures. Progress towards meeting the objectives and annual budget is monitored on a monthly basis by the Senior Management Team.

The Trustees receive an annual report highlighting the top strategic risks. Significant changes in risk items will also be reported to the Trustees as required.

The highest rated strategic risks in 2023 which could impact the delivery of the strategy are listed below.

Risk	Control and Mitigation Measures
Continuity of membership revenue	Renewed focus on membership recruitment through engagement with HEIs, employers and ACTS partners. DiscoverChemEng campaign and young people's engagement programme launched. Improved timescales for new applications and transfers between grades, and further work underway to streamline supporting processes. Member Experience team formed to focus on member engagement and improving member experience.
Continuity of commercial revenue	Creation of a 5 year commercial strategy. Formal and informal market research/customer feedback analysis to ensure product offering meets requirements; competitor analysis; widening of trainer pool in key markets; diverse journal publishing model. Regular monitoring of performance of journals partner and other key suppliers.
Failure to effectively articulate IChemE's voice and impact for members and on society	Increased engagement with government and other bodies, working towards becoming a trusted advisor to governments, policymakers, and the public. Introduction of roundtable discussions with other PEIs, regulatory bodies, industry, and academia on topics where chemical and process engineering can support public policy and awareness.
Major shocks to business continuity	Increased use of digital technologies to support service delivery to members and other stakeholders. All business critical IT applications are cloud based. Close monitoring of performance of support partners to ensure minimal downtime. Cyber security insurance. Staff provided with cyber security and GDPR training. Working towards cyber essentials plus accreditation.
Compliance and risk management	Regular review of our operations to ensure governance structure and oversight is appropriate. Scheme of Delegation established clearly setting out decisions delegated to committees of the Board of Trustees and the Executive team. Use advisors as necessary in the UK and at a local level for overseas branches and subsidiaries.
Mission creep	Strategy 28+ developed, building on previous strategy, setting out key areas of focus and goals. Annual business planning and budgeting cycle to set objectives for following 5 years aligned to strategy.

The Trustees are satisfied that reasonable steps are being taken to limit the probability and the impact of risk.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Charity 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 group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then applies them consistently.
- make judgements and estimates that are reasonable and prudent.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Institution will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 23 April 2024 and signed on its behalf by:



Mr NH Hirst
President



Dr DW Edwards
Honorary Treasurer

Davis Building
165-189 Railway Terrace
Rugby
CV21 3HQ

Independent Auditor's Report to the Trustees of the Institution of Chemical Engineers

Opinion

We have audited the financial statements of the Institution of Chemical Engineers (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated and Charity Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated and Charity Cash Flow Statements 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 group's and parent charity's affairs as at 31 December 2023 and of the group's and parent charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

Basis for opinion

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 151 of the Charities Act 2011 and report in accordance with regulations made under those Acts.

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charity'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, 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 this gives rise to 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 16 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk 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 and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and parent charity operate in and how the group and parent charity are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS102), Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2011, the parent charity's governing document and tax legislation.

We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection Regulation (GDPR). We performed audit procedures to inquire of management and those charged with governance whether the group/charity is in compliance with these law and regulations and read minutes.

The audit engagement team identified the risks of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and testing of income transactions around the period end.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP

Statutory Auditor
103 Colmore Row
Birmingham
B3 3AG

Date: 14 May 2024

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

Consolidated statement of financial activities for the year ended 31 December 2023

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000
INCOME							
Charitable activities:	3						
Qualifying Chemical Engineers		4,565	-	4,565	4,101	-	4,101
Operating a Learned Society for Chemical Engineers		5,088	20	5,108	4,284	20	4,304
Other trading activities:							
Trading operations	2	129	-	129	193	-	193
Investments	4	68	-	68	64	-	64
TOTAL INCOME		9,850	20	9,870	8,642	20	8,662
EXPENDITURE ON							
Raising funds:							
Trading operations	2	(58)	-	(58)	(71)	-	(71)
Investment management costs		(50)	-	(50)	(66)	-	(66)
Charitable activities:	5						
Qualifying Chemical Engineers		(3,573)	-	(3,573)	(3,740)	-	(3,740)
Operating a Learned Society for Chemical Engineers		(5,102)	(158)	(5,260)	(4,324)	(265)	(4,589)
TOTAL EXPENDITURE		(8,783)	(158)	(8,941)	(8,201)	(265)	(8,466)
Net gains / (losses) on investments	10	39	-	39	(367)	-	(367)
NET INCOME / (EXPENDITURE)		1,106	(138)	968	74	(245)	(171)
Transfer between funds:	14	-	-	-	-	-	-
Other recognised (losses) / gains:							
Actuarial (losses) / gains on defined benefit pension schemes	20	(293)	-	(293)	1,366	-	1,366
Exchange (losses) / gains arising from retranslation of foreign branches & subsidiaries		(44)	-	(44)	114	-	114
NET MOVEMENT IN FUNDS		769	(138)	631	1,554	(245)	1,309
Fund balances brought forward at 1 January		4,810	1,069	5,879	3,256	1,314	4,570
Fund balances carried forward at 31 December		5,579	931	6,510	4,810	1,069	5,879

The results relate to the continuing activities of the Institution. The group has no recognised gains or losses other than the net movement in funds for the year.

The notes on pages 24 to 39 form part of these financial statements.

Charity statement of financial activities for the year ended 31 December 2023

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000
INCOME							
Gift aid from subsidiary company	2	71	-	71	122	-	122
Charitable activities:	3						
Qualifying Chemical Engineers		4,557	-	4,557	4,100	-	4,100
Operating a Learned Society for Chemical Engineers		4,895	20	4,915	4,226	20	4,246
Investments	4	68	-	68	64	-	64
TOTAL INCOME		9,591	20	9,611	8,512	20	8,532
EXPENDITURE ON							
Raising funds:							
Investment management costs		(50)	-	(50)	(66)	-	(66)
Charitable activities:	5						
Qualifying Chemical Engineers		(3,536)	-	(3,536)	(3,671)	-	(3,671)
Operating a Learned Society for Chemical Engineers		(4,888)	(158)	(5,046)	(4,267)	(265)	(4,532)
TOTAL EXPENDITURE		(8,474)	(158)	(8,632)	(8,004)	(265)	(8,269)
Net gains / (losses) on investments	10	39	-	39	(367)	-	(367)
NET INCOME / (EXPENDITURE)		1,156	(138)	1,018	141	(245)	(104)
Transfer between funds:	14	-	-	-	-	-	-
Other recognised (losses) / gains:							
Actuarial (losses) / gains on defined benefit pension schemes	20	(293)	-	(293)	1,366	-	1,366
Exchange (losses) / gains arising from retranslation of foreign branches & subsidiaries		(39)	-	(39)	108	-	108
NET MOVEMENT IN FUNDS		824	(138)	686	1,615	(245)	1,370
Fund balances brought forward at 1 January		4,706	1,069	5,775	3,091	1,314	4,405
Fund balances carried forward at 31 December		5,530	931	6,461	4,706	1,069	5,775

Balance sheets at 31 December 2023

	Note	2023	Group 2022	2023	Charity 2022
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9	608	647	608	647
Investments	10	6,385	6,319	6,385	6,319
		<u>6,993</u>	<u>6,966</u>	<u>6,993</u>	<u>6,966</u>
Current assets					
Debtors	11	1,224	1,201	1,368	1,397
Cash at bank and in hand		4,620	3,320	4,370	2,933
		<u>5,844</u>	<u>4,521</u>	<u>5,738</u>	<u>4,330</u>
Creditors: Amounts falling due within one year	12	<u>(3,335)</u>	<u>(2,687)</u>	<u>(3,278)</u>	<u>(2,600)</u>
Net current assets		<u>2,509</u>	<u>1,834</u>	<u>2,460</u>	<u>1,730</u>
		<u>9,502</u>	<u>8,800</u>	<u>9,453</u>	<u>8,696</u>
Pension scheme funding deficit	20	(2,992)	(2,921)	(2,992)	(2,921)
Total net assets after pension deficit		<u>6,510</u>	<u>5,879</u>	<u>6,461</u>	<u>5,775</u>
Income Funds					
Unrestricted funds					
General funds		8,221	7,381	8,172	7,277
Designated funds	15	350	350	350	350
Pension reserve	20	(2,992)	(2,921)	(2,992)	(2,921)
		<u>5,579</u>	<u>4,810</u>	<u>5,530</u>	<u>4,706</u>
Restricted funds	14	<u>931</u>	<u>1,069</u>	<u>931</u>	<u>1,069</u>
Total funds		<u>6,510</u>	<u>5,879</u>	<u>6,461</u>	<u>5,775</u>

These financial statements were approved by the Board of Trustees and authorised for issue on 23 April 2024.

Mr NJ Hirst
President

Dr DW Edwards
Honorary Treasurer

Consolidated cash flow statement for the year ended 31 December 2023

	<i>Note</i>	2023 £000	2022 £000
Cash flows from operating activities	18	1,414	(74)
Cash flows from investing activities:			
Dividends and interest from investments	4	68	64
Purchase of fixed asset investments	10	(68)	(64)
Purchase of property, plant & equipment	9	(39)	(3)
Net cash (used in) / provided by investing activities		(39)	(3)
Change in cash and cash equivalents in the reporting period		1,375	(77)
Cash and cash equivalents at the start of the reporting period		3,320	3,319
Change in cash and cash equivalents due to exchange rate movements		(75)	78
Cash and cash equivalents at the end of the reporting period		4,620	3,320

Charity cash flow statement for the year ended 31 December 2023

	<i>Note</i>	2023 £000	2022 £000
Cash flows from operating activities	18	1,511	(154)
Cash flows from investing activities:			
Dividends and interest from investments	4	68	64
Purchase of fixed asset investments	10	(68)	(64)
Purchase of property, plant & equipment	9	(39)	(3)
Net cash (used in) / provided by investing activities		(39)	(3)
Change in cash and cash equivalents in the reporting period		1,472	(157)
Cash and cash equivalents at the start of the reporting period		2,933	3,052
Change in cash and cash equivalents due to exchange rate movements		(35)	38
Cash and cash equivalents at the end of the reporting period		4,370	2,933

Notes forming part of the financial statements for the year ended 31 December 2023

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP (FRS 102)); and the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The financial statements are presented in Sterling (£) and are rounded to the nearest thousand pounds.

The Institution meets the definition of a public benefit entity as defined by FRS 102.

Preparation of the accounts on a going concern basis

The Trustees have assessed whether the use of a going concern basis is appropriate when preparing these financial statements and have concluded that there are no material uncertainties about the Institution's ability to continue as a going concern, and that the Institution has sufficient cash reserves to continue to meet its liabilities as they fall due.

In arriving at this decision, the Trustees have taken into account: the group's financial performance during 2023; the budgets and cashflow predictions for the next three-year period; and the level of free reserves held at year-end.

The principal accounting policies adopted by the Institution are set out below:

Basis of consolidation

The financial statements consolidate the financial statements of the UK and Australian branch, its wholly owned UK trading subsidiary IChemE Ltd and its not-for-profit subsidiaries IChemE in Malaysia, IChemE in New Zealand and IChemE in Singapore Ltd, by virtue of the control exercised by the charity. The results of the subsidiaries are consolidated on a line-by-line basis. The results of the subsidiaries are summarised in note 2 of the financial statements.

Income

Income is recognised when the Institution has entitlement to the income, any performance conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Donations are recognised when the Institution has entitlement to the funds, it is probable that the income will be received, and the amount can be measured reliably. When donors specify that donations are to be used for a specific purpose, they will be included in income as a restricted fund when receivable.

Legacy gifts are recognised on a case-by-case basis following the granting of probate when the administrator of the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Subscriptions and events income are accounted for in the year to which they apply. Subscription income received during the year that relates to a subsequent financial accounting period is carried forward as a creditor in the balance sheet and shown as deferred income.

Interest and dividends on investments are accounted for when receivable.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal and constructive obligation committing the Institution to the expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

1 Accounting policies (continued)

All expenditure is included in the statement of financial activities on an accruals basis.

Expenditure is recorded net of value added tax unless irrecoverable.

All expenditure, including support costs, are allocated or apportioned to the applicable expenditure headings in the statement of financial activities.

Allocation of support and governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

Governance and support costs relating to charitable activities have been apportioned on the basis of staff costs associated with each activity. The allocation of support and governance costs is analysed in note 6.

Operating leases

Operating lease rentals are charged to the statement of financial activities on a straight-line basis over the terms of the lease.

Tangible fixed assets and depreciation

Fixed assets are recorded at cost or valuation, net of depreciation and any provision for impairment. Expenditure on individual fixed assets costing over £2,500 is capitalised.

Depreciation is charged on a straight-line basis to write off the cost or valuation less the estimated residual value of assets over their estimated useful lives as at the following rates:

Freehold buildings	-	5%
Leasehold buildings	-	20%
Office equipment	-	15%
Computer software	-	33%

Freehold land is not depreciated.

Investments

Fixed asset investments are initially recorded at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing bid price. The statement of financial activities includes the net gains or losses arising on revaluation and disposals throughout the year.

Realised gains or losses on investments are calculated as the difference between the sales proceeds and their fair value at 31 December (or historical cost if purchased within the year). Unrealised gains or losses are derived from the movement in fair values during the year.

The Institution does not acquire put options, derivatives or other complex financial instruments.

Fund accounting

The Institution has different types of funds which require separate disclosure. These are as follows:

- **Restricted income funds**

These are earmarked by the donor for specific purposes within the overall aims of the Institution. The income generated must be used in accordance with the specific purpose.

- **Unrestricted funds**

Unrestricted funds comprise funds which are expendable at the discretion of the Board of Trustees in connection with the objects of the Institution. Designated funds comprise unrestricted funds that have been set aside by the Trustee for a particular purpose.

Foreign exchange gains and losses

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken through the statement of financial activities.

1 Accounting policies (continued)

Pension costs

Employees of the charity are entitled to join a group personal pension plan. This is a defined contribution pension scheme with assets held in the names of the individual members. The charity contribution is restricted to the contributions disclosed in note 20. The costs of the defined contribution scheme are included within staff costs and are charged to the statement of financial activities in the year in which they become payable.

The charity also operates a defined benefit pension scheme. The scheme was closed to new members and future service accruals in 2006. The assets of the scheme are held separately from those of the Institution in an independently administered fund.

The difference between the fair value of the assets held in the defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the balance sheet as a pension asset or liability as appropriate. Changes in the defined pension scheme asset or liability arising from factors other than cash contribution by the Institution are charged to the Statement of Financial Activities in accordance with FRS 102.

Provisions

Provisions are recognised when the Institution has a present obligation, legal or constructive, as a result of a past event, it is probable that the Institution will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Financial instruments

Financial assets, other than fixed asset investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and underlying assumptions are continually reviewed.

The following are critical judgements that the Trustees have made in the process of applying the Institution's accounting policies:

- determining whether leases entered into by the group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 9). Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of these assets are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as life cycle and maintenance programmes are taken into account. Residual value assessments consider issues such as the remaining life of the asset and project disposal values.
- Trade debtors (see note 11). At each reporting date, trade debtors are assessed for recoverability. If there is any evidence of impairment, the carrying amount of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in the income statement.
- Pensions costs (see note 20). The defined benefit pension scheme obligations are based on actuarial assumptions such as discount rate, the expected rate of return on scheme assets, and mortality rates, which are extensively detailed in note 20.

2 Results of subsidiaries

The summary financial performance and position of the subsidiaries is shown below:

	IChemE Ltd	IChemE in New Zealand	IChemE Malaysia Sdn Bhd	2023 Total	2022 Total
	£000	£000	£000	£000	£000
Income	129	149	83	361	251
Expenditure	(58)	(185)	(96)	(339)	(196)
Net income / (expenditure)	71	(36)	(13)	22	55
Amount gift aided to the Institution	(71)	-	-	(71)	(122)
Retained in subsidiary	-	(36)	(13)	(49)	(67)

Balance sheets

	IChemE Ltd	IChemE in New Zealand	IChemE Malaysia Sdn Bhd	2023 Total	2022 Total
	£000	£000	£000	£000	£000
Fixed assets	-	-	-	-	-
Current assets	127	103	53	283	561
Current liabilities	(127)	(18)	(90)	(234)	(457)
Net current assets	-	85	(37)	49	104
Total net assets	-	85	(37)	49	104

IChemE Ltd (company number 2817128) is a company limited by shares, incorporated in the United Kingdom.
IChemE in New Zealand (society number 980425) is an incorporated society in New Zealand.
IChemE Malaysia Sdn Bhd (company number 1390908-U).

3 Analysis of income from charitable activities

	Group		Charity	
	2023	2022	2023	2022
	£000	£000	£000	£000
Qualifying Chemical Engineers:				
Membership subscription and accreditation fees	4,560	4,098	4,552	4,097
Operating a Learned Society for Chemical Engineers:				
Journals & publications	1,623	1,369	1,623	1,369
Knowledge communities	380	364	358	353
Conferences, seminars & events	693	597	542	595
Provision of training	2,379	1,943	2,358	1,898
Other income	18	14	18	14
Subscriptions to technical centres (restricted funds)	20	20	20	20
	9,673	8,405	9,471	8,346

4 Investment income

Group and Charity	2023	2022
	£000	£000
Interest receivable	6	3
Dividends receivable	62	61
	68	64

5 Analysis of expenditure on charitable activities

Group	Direct activity costs	Support costs	2023 Total	2022 Total
	£000	£000	£000	£000
Qualifying Chemical Engineers	2,189	1,384	3,573	3,740
Operating a Learned Society for Chemical Engineers	3,872	1,388	5,260	4,589
	6,061	2,772	8,833	8,329

Expenditure on charitable activities was £8,833,000 (2022: £8,329,000) of which £8,675,000 was unrestricted (2022: £8,064,000) and £158,000 was restricted (2022: £265,000).

Charity	Direct activity costs	Support costs	2023 Total	2022 Total
	£000	£000	£000	£000
Qualifying Chemical Engineers	2,187	1,349	3,536	3,671
Operating a Learned Society for Chemical Engineers	3,688	1,358	5,046	4,532
	5,875	2,707	8,582	8,203

Expenditure on charitable activities was £8,582,000 (2022: £8,203,000) of which £8,424,000 was unrestricted (2022: £7,938,000) and £158,000 was restricted (2022: £265,000).

5 Analysis of expenditure on charitable activities (continued)

Net income for the year is stated after charging / (crediting):

	Group		Charity	
	2023	2022	2023	2022
	£000	£000	£000	£000
Depreciation	78	77	78	77
Operating leases:				
Plant and machinery	3	10	3	10
Land and buildings	55	74	51	60
Exchange rate differences	(30)	(53)	(40)	26
	<u>78</u>	<u>77</u>	<u>78</u>	<u>77</u>

6 Analysis of governance and support costs

Included within expenditure on charitable activities are governance and support costs amounting to £2,772,000 (2022: £2,624,000). These are analysed as:

	Group		Charity	
	2023	2022	2023	2022
	£000	£000	£000	£000
Staff costs	996	1,062	951	1,028
Finance	363	414	356	410
IT	588	476	586	474
Facilities & HR	654	523	648	512
Management & Governance	171	149	166	151
	<u>2,772</u>	<u>2,624</u>	<u>2,707</u>	<u>2,575</u>

The governance and support costs have been apportioned across the charitable activities on the basis of staff time associated with each activity. The charge to each activity was as follows:

	Group		Charity	
	2023	2022	2023	2022
	£000	£000	£000	£000
Qualifying Chemical Engineers	1,384	1,326	1,349	1,295
Operating a Learned Society for Chemical Engineers	1,388	1,298	1,358	1,280
	<u>2,772</u>	<u>2,624</u>	<u>2,707</u>	<u>2,575</u>

Analysis of governance costs:

	Group		Charity	
	2023	2022	2023	2022
	£000	£000	£000	£000
External audit	44	41	37	35
General meeting costs	6	9	6	7
Legal & professional fees	27	27	26	26
Electoral services	2	3	2	3
	<u>79</u>	<u>80</u>	<u>71</u>	<u>71</u>

7 Analysis of trustee remuneration and expenses

Group and Charity	2023 £000	2022 £000
Expenses paid to or on behalf of 12 (2022: 6) Trustees in respect of travel, subsistence, and accommodation costs	41	19

The Trustees give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2022: £nil).

8 Analysis of staff costs and remuneration to key management personnel

The average monthly headcount for the group during the year was 92 (2022: 94) and for the charity 88 (2022: 89). The number of full-time equivalent persons employed by the group and charity during the year was as follows:

	Group		Charity	
	2023	2022	2023	2022
Qualifying Chemical Engineers	31	33	29	30
Operating a Learned Society for Chemical Engineers	35	33	35	33
Management and Administration	20	20	18	18
	86	86	82	81

The aggregate payroll costs of these persons were as follows:

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Wages and salaries	3,493	3,408	3,438	3,350
Social security costs	323	327	322	326
Pension scheme contributions	399	300	394	295
Defined benefit pension scheme operating costs	102	81	102	81
Employee benefits	60	64	60	64
	4,377	4,180	4,316	4,116

During 2023, £nil (2022: £nil) was paid out as redundancy or termination payments.

The numbers of employees, including the Chief Executive, whose total employee benefits, excluding employer pension contributions, exceeded £60,000, fell within the following ranges:

	Group		Charity	
	2023	2022	2023	2022
£60,001 - £70,000	6	3	6	3
£70,001 - £80,000	2	1	2	1
£80,001 - £90,000	-	1	-	1
£90,001 - £100,000	2	2	2	2
£100,001 - £110,000	1	-	1	-
£110,001 - £120,000	1	1	1	1
£150,001 - £160,000	1	1	1	1

The number of employees who earned more than £60,000 for whom pension benefits are accruing under the defined contribution pension scheme is 11 (2022: 8). Contributions in respect of these employees amounted to £105,000 (2022: £62,000). The Institution considers its key management personnel to comprise the Board of Trustees, the Chief Executive, and the Senior Management Team. The total employment benefits of 7 (2022: 6) key management personnel staff, including employer pension contributions and employer's national insurance, were £810,000 (2022: £749,000).

9 Tangible fixed assets

Group	Freehold Property £000	Office equipment £000	Computers £000	Total £000
Cost or valuation				
At beginning of year	1,800	141	31	1,972
Additions	-	36	3	39
Disposals	-	(13)	-	(13)
At end of year	1,800	164	34	1,998
Depreciation				
At beginning of year	1,155	141	29	1,325
Charge for the year	76	-	2	78
Disposals	-	(13)	-	(13)
At end of year	1,231	128	31	1,390
Net book value				
At 31 December 2023	569	36	3	608
At 31 December 2022	645	-	2	647
Charity				
Cost or valuation				
At beginning of year	1,800	141	31	1,972
Additions	-	36	3	39
Disposals	-	(13)	-	(13)
At end of year	1,800	164	34	1,998
Depreciation				
At beginning of year	1,155	141	29	1,325
Charge for the year	76	-	2	78
Disposals	-	(13)	-	(13)
At end of year	1,231	128	31	1,390
Net book value				
At 31 December 2023	569	36	3	608
At 31 December 2022	645	-	2	647

Freehold property at 31 December 2023 includes land at valuation of £280,000 (2022: £280,000) which is not depreciated.

10 Fixed asset investments

Group and Charity	2023 £000	2022 £000
Fair value at 1 January	6,319	6,678
Acquisitions at cost	3,135	2,935
Proceeds of disposals	(3,108)	(2,927)
Net gains / (losses) on revaluation	39	(367)
Fair value at 31 December	6,385	6,319
Historical cost at 31 December	3,766	3,739

All investments are carried at their fair value. An analysis of the fair value of the investments at 31 December 2023 is as follows:

Group and Charity	2023 £000	2022 £000
Equities	3,169	2,639
Fixed Interest	2,196	1,828
Other	809	1,563
Cash	211	289

Investments in Subsidiaries

The Institution holds 2 shares of £1 each in its wholly owned trading subsidiary company IChemE Ltd which is incorporated in the United Kingdom. These are the only shares allotted, called up and fully paid.

A new private limited company was established in Malaysia in October 2020, IChemE Malaysia Sdn Bhd. The Institution holds 100 shares of MYR 1 each in the wholly owned subsidiary.

The activities and results of these companies are summarised in note 2.

11 Debtors

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Trade debtors	339	367	294	263
Amount due from subsidiaries	-	-	213	351
Other debtors	4	8	3	4
Prepayments and accrued income	881	826	858	779
	1,224	1,201	1,368	1,397

12 Creditors: amounts falling due within one year

	Group		Charity	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade creditors	398	384	395	367
Amounts due to subsidiaries	-	-	-	10
Other creditors	373	292	362	292
Taxation and social security	250	199	244	185
Accruals	494	412	472	392
Deferred income	1,820	1,400	1,805	1,354
	3,335	2,687	3,278	2,600

Deferred income relates to annual subscriptions payments and events income which have been paid to the Institution in advance. All deferred income is released to the statement of financial activities in the following year.

13 Commitments

Total future commitments under non-cancellable operating leases are as follows:

Group	2023		2022	
	Land and buildings	Other	Land and Buildings	Other
	£000	£000	£000	£000
Amounts falling due:				
In less than one year	38	6	38	7
In the second to fifth years inclusive	-	6	-	1
Over five years	-	-	-	-
	38	12	38	8

Charity	2023		2022	
	Land and buildings	Other	Land and Buildings	Other
	£000	£000	£000	£000
Amounts falling due:				
In less than one year	34	6	34	7
In the second to fifth years inclusive	-	6	-	1
Over five years	-	-	-	-
	34	12	34	8

A first charge of £500,000 was placed on the freehold premises at Rugby in favour of the Defined Benefit Pension Scheme in March 2017.

14 Analysis of movements in restricted funds

Group and Charity	International Process Safety Group (IPSG) £000	Medals & Awards (MM Sharma / SIESO) £000	Andrew Legacy Fund £000	Sustainability Hub £000	Total £000
At 1 January 2023	39	36	883	111	1,069
Income	20	-	-	-	20
Expenditure	(27)	(1)	(95)	(35)	(158)
At 31 December 2023	32	35	788	76	931

The IPSG funds relates to an industry funded technical centre which is administered in accordance with its Statute.

The MM Sharma Medal was created following a donation of £13,000 from the JB Joshi Foundation in 2018. An award of £1,000 is made to the winner(s) of the medal for excellence in the field of chemical engineering. The donation will also be used to fund IChemE's administration expenses for the medal of up to £250 a year.

The SIESO Medal was launched in 2019 following a bequest of £29,500 from SIESO (a society that Shared Information and Experience for Safer Operation) which ceased operations in 2018. The medal seeks to raise awareness of process safety among science, business, and engineering students. It consists of an award of £750 and up to £250 in travel allowance to attend the presentation.

The Andrew Legacy Fund seeks to hold a medal lecture on the theme of 'The Science of Formulation of Heterogeneous Catalysts' and to support academic research in enhancing the science of formulation of heterogeneous catalysts. The medal and lecture are normally awarded every three years. The Institution has also set up the Andrew Fellowship which funds up to two early career researchers a year to undertake research in the field of Heterogeneous Catalysts. The Fellowship consists of a stipend of £10,000 a year plus £5,000 a year in expenses for a period of up to four years. Additionally, in 2020 the Institution agreed to fund the 'Sydney Andrew PhD Scholarship in Multiscale Catalysis Research' run by the University of Bath. Funding for the Scholarship has been agreed at £25,300 a year for the period 2020-2024. In 2022, the Fund paid for up to 20 PhD, EngD or MSc students to attend the week-long summer school Catalysis: Fundamental and Practice about the fundamentals of heterogenous catalysis. The summer school is organised by, and held at, the University of Liverpool's Department of Chemistry every two years.

In March 2021, the Institution received a donation of £200,000 to be used for the development of sustainability knowledge for chemical engineers. A programme of work began in May 2021 to create the Sustainability Hub, with a vision to create and deliver a sustainability knowledge resource. The Sustainability Hub was formally launched in February 2022, and additional training and content was developed throughout the year.

15 Analysis of movements in unrestricted designated funds

Group and Charity	Future Institution Transformation Programme £000	Total £000
At 1 January 2023	350	350
Expenditure	-	-
Transfer between funds	-	-
At 31 December 2023	350	350

15 Analysis of movements in unrestricted designated funds (continued)

In January 2022, the Board of Trustees agreed to designate £350,000 to future IT platform and business application enhancements following the replacement of all core operating systems during the period 2020-2021. It is anticipated that this funding will be put towards improvements to the membership database and website interface in 2024, improving the experience for the Institution's members and volunteers.

16 Related party transactions

During the year recharges have been made between the charity and its subsidiary undertakings. These relate to direct costs and staff costs incurred by one party on behalf of the other. The net amount recharged was:

	Net amount recharged from / (to) the charity in the year		Balance outstanding at year end included in debtors / (creditors) for the charity	
	2023 £000	2022 £000	2023 £000	2022 £000
IChemE Ltd	(186)	192	113	299
IChemE in Malaysia	-	-	-	-
IChemE in New Zealand	69	(11)	36	(33)
IChemE Malaysia Sdn Bhd	21	15	64	43
	<u>(96)</u>	<u>196</u>	<u>213</u>	<u>309</u>

IChemE Ltd gift aids its operating profit to the charity and the balance of £71,000 (2022: £122,000) is included in debtors for the charity at year end.

17 Analysis of group and charity net assets between funds

Fund balances at 31 December 2023 are represented by:

Group	Unrestricted funds £000	Restricted Funds £000	Total £000
Tangible fixed assets	608	-	608
Investments	6,385	-	6,385
Pension scheme funding deficit	(2,992)	-	(2,992)
Net current assets	1,578	931	2,509
	<u>5,579</u>	<u>931</u>	<u>6,510</u>
Total net assets	<u>5,579</u>	<u>931</u>	<u>6,510</u>

Charity	Unrestricted funds £000	Restricted Funds £000	Total £000
Tangible fixed assets	608	-	608
Investments	6,385	-	6,385
Pension scheme funding deficit	(2,992)	-	(2,992)
Net current assets	1,529	931	2,460
	<u>5,530</u>	<u>931</u>	<u>6,461</u>
Total net assets	<u>5,530</u>	<u>931</u>	<u>6,461</u>

18 Reconciliation of net movement in funds to net cash flow from operating activities

Group	2023 £000	2022 £000
Net income / (expenditure)	968	(171)
Adjustments for:		
Depreciation on tangible fixed assets	78	77
(Gains)/losses on investments	(39)	367
Dividends and interest from investments	(68)	(64)
Investment management fees	41	56
Difference between pension charge and cash contribution	(222)	(237)
(Increase) in debtors	(23)	(328)
Increase in creditors	648	190
Exchange (losses)/gains arising from retranslation of foreign branches & subsidiaries	(44)	114
Change in cash and cash equivalents due to exchange rate movements	75	(78)
Net cash provided by / (used in) operating activities	1,414	(74)

Charity	2023 £000	2022 £000
Net income / (expenditure)	1,018	(104)
Adjustments for:		
Depreciation on tangible fixed assets	78	77
(Gains)/losses on investments	(39)	367
Dividends and interest from investments	(68)	(64)
Investment management fees	41	56
Difference between pension charge and cash contribution	(222)	(237)
Decrease/(increase) in debtors	29	(505)
Increase in creditors	678	186
Exchange (losses) / gains arising from retranslation of foreign branches & subsidiaries	(39)	108
Change in cash and cash equivalents due to exchange rate movements	35	(38)
Net cash provided by / (used in) operating activities	1,511	(154)

19 Analysis of changes in net debt

Group	At start of year £000	Cash flows £000	Foreign exchange movements £000	At end of year £000
Cash	3,320	1,375	(75)	4,620
Total	3,320	1,375	(75)	4,620

Charity	At start of year £000	Cashflows £000	Foreign exchange movements £000	At end of year £000
Cash	2,933	1,472	(35)	4,370
Total	2,933	1,472	(35)	4,370

20 Pension scheme

Defined contribution scheme

The Institution's Defined Contribution Pension Scheme for UK based staff was established in April 2006 following the closure of the Defined Benefit Scheme. The assets of the Scheme are held separately from those of the charity and from January 2021 were administered by The People's Partnership (formerly The People's Pension), provided by B&CE. The Institution pays one and a half times the percentage that the employee contributes up to a maximum of 12%. The total pension cost charge to the Institution, representing contributions payable to the fund amounted to £356,000 (2022: £258,000).

The total pension cost for the staff of the branch in Australia, which is paid under the superannuation scheme at 11% of base salary, was £38,000 (2022: £36,000).

Pension costs relating to the employees of the Institution's subsidiaries IChemE in Malaysia and IChemE in New Zealand amounted to £5,000 (2022: £6,000).

Defined benefit scheme

The Institution operates a defined benefit pension arrangement called the Institution of Chemical Engineers Pension Scheme. The Scheme provides benefits based on salary and length of service on retirement, leaving service or death. In 2006, the Scheme was closed to new members, future service accruals and salary revaluations were limited with effect from 5 April 2006.

The scheme is funded with the assets being held by the pension scheme's trustees separately from the assets of the Institution.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least every three years to determine whether the Statutory Funding Objective is met. As part of the process, the Institution and the trustees of the Scheme must agree the contributions to be paid to address any shortfall against the Statutory Funding Objective.

The most recent triennial valuation of the Scheme as at 31 December 2020 was carried out during 2021. The results of that valuation showed that the deficit in the Scheme had increased from £4.89m to £5.26m. In order to address the deficit, a new Recovery Plan was agreed for the Institution to pay an annual contribution level of £320,000 a year, increasing in line with CPI, from 1 February 2022 to 31 July 2032.

The results of the valuation are updated by an independent qualified actuary on an annual basis allowing for cashflows in and out of the Scheme and for changes to assumptions over that period.

The Institution has also provided additional security to the Scheme by way of a charge of £500,000 on the freehold property in Rugby. The security agreement to put the charge in place was submitted to the Land Registry in March 2017.

Administrative and other expenses of the Scheme are payable separately by the Institution.

The principal assumptions used to calculate Scheme liabilities include:

	2023 %	2022 %
Discount rate	4.45% pa	4.70% pa
Inflation (RPI)	3.30% pa	3.40% pa
Inflation (CPI)	2.90% pa	3.00% pa
Pension increase (LP15)	2.80% pa	2.90% pa
Post-retirement mortality	90% of 'S3NA' tables with CMI 2020 projections and a long-term rate of improvement of 1.25% pa. The initial addition is 0.25% p.a. and the 2020 weight parameter is 0%	90% of 'S3NA' tables with CMI 2020 projections and a long-term rate of improvement of 1.25% pa. The initial addition is 0.25% p.a. and the 2020 weight parameter is 0%
Commutation	All members are assumed to take 25% of their pension as tax-free cash	All members are assumed to take 25% of their pension as tax-free cash

20 Pension scheme (continued)

The major categories of assets are as follows:

Asset category	2023 £000	2022 £000
Liability Driven Investment (LDI)	3,726	3,470
Multi-asset Funds	3,315	3,562
Deposit and Treasury	364	-
Cash	63	34
Total	7,468	7,066

Amounts recognised in the balance sheet:

	2023 £000	2022 £000
Fair value of assets	7,468	7,066
Present value of funded obligations	(10,460)	(9,987)
(Deficit) in scheme	(2,992)	(2,921)

Amounts recognised in the statement of financial activities over the year:

	2023 £000	2022 £000
Interest on liabilities	460	270
Interest on assets	(331)	(191)
Total	129	79

Remeasurements over the year:

	2023 £000	2022 £000
(Gain) / loss on assets in excess of interest	(114)	3,643
Experience losses / (gains) on liabilities	187	459
Losses / (gains) from changes to financial assumptions	220	(5,468)
Total	293	(1,366)

20 Pension scheme (continued)

The change in the value of the assets over the period was:

	2023 £000	2022 £000
Fair value of assets at beginning of period	7,066	10,694
Interest on assets	331	191
Institution contributions	351	316
Benefits paid	(394)	(492)
Return on assets less interest	114	(3,643)
Value of assets at end of period	7,468	7,066

The actual return on assets over the period was £445,000.

The change in the value of the defined benefit liabilities over the period was:

	2023 £000	2022 £000
Value of liabilities at beginning of the period	9,987	15,218
Interest on liabilities	460	270
Benefits paid	(394)	(492)
Experience loss / (gain) on liabilities	187	459
Changes to financial assumptions	220	(5,468)
Value of liabilities at end of the period	10,460	9,987

	2023 £000	2022 £000
Actuarial (losses) / gains	(293)	1,366

The annual contribution level for the period 1 February 2023 to 31 January 2024 was £354,000. This will be increased by CPI inflation of 4.0% in line with the Recovery Plan to £368,000 for the period 1 February 2024 to 31 January 2025.

THE INSTITUTION OF CHEMICAL ENGINEERS

England & Wales - Charity number 214379

Accounts

Institution of Chemical Engineers

Annual Report and Consolidated
Financial Statements
for the year ended 31 December 2022

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Trustees' Report

The Board of Trustees is pleased to present its annual report together with the financial statements of the charity and its subsidiaries for the year ended 31 December 2022.

The financial statements comply with the *Charities Act 2011* and *Accounting and Reporting by Charities: Statement of Recommended Practice* applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Reference and Administrative Details

The Institution of Chemical Engineers (IChemE) is a registered Charity in England and Wales (charity number 214379) and a charity registered in Scotland (SC039661).

Principal Office

Davis Building, Railway Terrace, Rugby, Warwickshire, CV21 3HQ

Auditors

RSM UK Audit LLP, 10th Floor, 103 Colmore Row, Birmingham, B3 3AG

Main Bankers

NatWest Bank Plc, Silbury House, 300 Silbury Boulevard, Milton Keynes, MK9 2ZF

Solicitors

Mills & Reeve, 100 Hills Road, Cambridge, CB2 1PH

Investment Managers

Rathbone Investment Management Limited, 8 Finsbury Circus, London, EC2M 7AZ
Ruffer LLP, 80 Victoria Street, London, SW1E 5JL

Trustees

The Trustees serving through the year were as follows:

1 January 2022 – 14 June 2022

Ms LJ Cutler
Prof SM Richardson
Prof IDL Bogle
Mr IJ Martin
Dr RJ Best
Ms AL Meldrum
Mrs A Hosey
Prof PJ Ashman
Mrs JV Atkinson
Mrs MD Isles-Ahite
Mr DM Sutton
Mrs WJ Wilson

From 14 June 2022

Prof IDL Bogle
Ms LJ Cutler
Mr JN Hirst
Dr DW Edwards
Dr RJ Best
Ms AL Meldrum
Mrs A Hosey
Mr RE Tucker
Mrs MD Isles-Ahite
Prof R Ocone
Mr DM Sutton
Mrs WJ Wilson

Chief Executive

Ms YD Baker (from 12 April 2023)
Mr JL Prichard (to 30 September 2022)

Interim Chief Executive

Ms J Downham (from 30 September 2022 to 12 April 2023)

Senior Management Team

Ms J Downham: Director, Finance & Business
Mrs C Flavell-While: Director, Learned Society
Mr A Foster: Director, Regions
Ms P Kerin: Director, IChemE Safety Centre
Mr D Lloyd-Roach: Director, Qualifications

Objectives and activities for the public benefit

The Institution of Chemical Engineers (IChemE) is an internationally recognised professional body committed to advancing the contribution of chemical engineering for the benefit of society.

In support of this core purpose, we promote a wide awareness of the role of chemical engineering. We develop, maintain, and administer standards of professionalism, education, safety and engineering practice. We work to attract a broad range of talent from diverse backgrounds into the discipline, and we inspire early career professionals to develop their competence to ensure that society is protected from harm.

We assess applicants for membership and professional registration through a rigorous peer review process thereby promoting professional development and competence in all those who enter the profession.

By promoting high standards, we encourage chemical engineers to deliver economic benefit and wellbeing without causing harm to society or the planet.

Through the knowledge and expertise of our members we inform policy development and advance the practice of chemical engineering. We recognise and celebrate excellence; we undertake informed advocacy on behalf of chemical engineering and chemical engineers; and share the message that chemical engineering matters.

The object of the Institution as set out in the Royal Charter is:

to promote, foster and develop the general advancement of the art and science of chemical engineering in all its branches as an end in itself and as a means of furthering, in a responsible manner, both the scientific and economic development and the application of sustainable processes in which chemical and physical changes of matter and energy are involved and to promote, assist, finance and support such research, investigation and experimental work in chemical engineering as the Institution may consider likely to help bring about or contribute to those ends and to the benefit of the global community now and in the future.

The powers vested in the Institution to achieve these objects are:

- To hold meetings of the Institution for reading and discussing papers and communications bearing upon the science of chemical engineering or the application thereof or upon subjects relating thereto and generally to advance knowledge of chemical engineering.
- To print, publish, sell, lend, or distribute the proceedings or the reports of the Institution or any papers, communications, works or treatises on chemical engineering or its application or subjects connected therewith in the English or any foreign tongue or any abstracts thereof or extracts therefrom.
- To co-operate with Government Departments, Universities, other Educational Institutions, and public educational authorities for the furtherance of knowledge of and education in chemical engineering, science or practice.
- To publish statements in the public interest for the education or information of the general public on matters involving the science or application of chemical engineering.
- To hold or prescribe examinations or other assessments for candidates for election to Voting and Non-Voting membership and by requiring standards of knowledge and experience approved by the Institution.
- To maintain, under licence from the Engineering Council (UK) or the Science Council, or any other successor organisations, or any other appropriate organisations, such Register, or parts thereof, as refer to relevant Chartered Practitioner status or to relevant Technician or other status.
- To co-operate with any other organisations to advance the cause of chemical engineering or for economic purposes related thereto.
- To do all other things incidental or conducive to the attainment of the above objects or any of them.

Our strategy

Strategy 2024 sets out IChemE's enduring purpose to advance the contribution of chemical engineering worldwide for the benefit of society; and its vision being to be led by members, supporting members, and serving society. We will have realised this vision and fulfilled our purpose if we achieve four key aims by 2024. They are:

- ***Respected for professionalism and technical competence***

IChemE will continue to set and uphold professional standards, offering routes to recognized qualifications for all chemical engineers who should be qualified. The Institution will encourage and champion professional development and apprenticeship opportunities to meet existing and future demand. This will be supported by an increase in, and enhancement of, external organisational partnerships.

- ***Recognised as a vibrant learned society that addresses the Global Grand Challenges***

This will be achieved by developing insight and opinion and by working alongside other professions to provide a collective voice on joint issues. Showing technical leadership by engaging with governments and other global bodies to inform policy/decision-making is vital. By using new technology and platforms, the Institution can engage and empower members to spread technical expertise across geographies, special interests and with peers and partners – helping them to adapt to (and influence) current and future societal challenges.

- ***Acknowledged as an Institution of choice in which an engaged membership receives and adds value***

Improving societal understanding of the history of chemical engineering, as well as its contribution to tackling the *Grand Challenges for Engineering* and the *United Nations Sustainable Development Goals*, is a key role for chemical engineers and helps to inspire the next generation of engineers. Just as important is properly communicating the value proposition of IChemE to existing members, tailoring engagement carefully, depending on their career stage and ambitions. A more engaged membership adds value back into the Institution, creating greater value for society and for all prospective and current members.

- ***Known as a high-performing organisation delivering significant value***

Embracing digitalisation will be key, creating a platform which is befitting of a modern professional body with a dispersed membership, as it allows instantaneous transfer of knowledge and skills, regardless of geography. To support this, a streamlined business architecture and measures to ensure financial sustainability will also be introduced.

Public Benefit

The Institution works to fulfil these goals on an international scale, reflecting the geographical spread of its membership and of the wider chemical engineering profession. It brings benefits to the public and society by promoting high standards of engineering competence, professional ethics, safety, and sustainability, thus enabling industry and society to receive the benefit from a competent profession and its practitioners.

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Institution's aims and objectives and in planning its future activities.

Achievements and performance

The Institution continued to align business planning to the aims stated within Strategy 2024, making demonstrable progress across all four aims, as highlighted below.

Aim 1: Respected for professionalism and technical competence

IChemE continued to uphold standards by regulating professional conduct, instilling appropriate ethics and setting the bar for the appropriate standards. Implementing flexible pathways to achieve professional recognition by offering routes to qualifications for all chemical engineers who wish to gain professional recognition was a key focus during the year, as well as the provision of support to education providers, employers and industry partners.

Pathway to professional qualifications

2022 has been a year of consolidating the three-stage membership application process that was introduced in 2021, developing enhancements to the application and assessor portals and improving the experience for both applicants and volunteer members involved in the assessments.

Following the introduction of the new Stage 1 route, Individual Case Procedure, towards the end of 2021, the first full year saw 271 applications received, 183 applications considered at the Individual Case Panel, and 96 applications fully completed and assessed as meeting the educational base for Chartered Engineer status.

Throughout 2022 there was a recruitment and training drive for more volunteers, especially Professional Reviewers. At the end of 2022, IChemE's headline membership figure was around 30,000 with 41% professionally qualified.

Accrediting qualifications

The Institution continued to support universities and training providers by accrediting educational programmes and fostering good practice. Twelve virtual university accreditation visits took place internationally. As well as the UK, IChemE also carried out accreditation visits to universities in Ireland, West Indies, New Zealand, Australia, France, Malaysia and China.

Aim 2: Recognised as a vibrant learned society that materially impacts on the Global Grand Challenges

To achieve IChemE's strategic aim to be a vibrant learned society that materially impacts on global challenges, the key elements are to encourage knowledge transfer and facilitate professional networks.

Through IChemE's Communities of Practice on Energy and Research & Innovation, members developed projects on topics including electrolytic hydrogen, early career researchers and entrepreneurship. Member groups and special interest groups continued to deliver a variety of opportunities for members to provide networking and knowledge sharing opportunities with over 200 technical webinars delivered.

Ensuring members are equipped with an abundance of technical knowledge so they can continue creating impactful and safe solutions to help society and the environment, content on the Knowledge Hub was doubled during 2022 with all IChemE's peer-reviewed journal papers now included. 25 new books were added to Knovel, the online resource for books and technical information, interactive equations and analytical tools. This new content helped increase the number of visits over the year by 90%.

Priority topics

A focus for 2022 was delivering outputs for the Learned Society Committee's three priority topics: Responsible Production, Major Hazards Management and Digitalisation. An updated priority topics document was launched in April which recognised the achievements made and reflected new trends in these areas. This update guided work within the priority topics during the year and into 2023.

Responsible Production

Ahead of the COP27 climate change conference held in Sharm el-Sheikh, Egypt, in November, IChemE launched a campaign to share its progress made against commitments stated within the Institution's position on climate change, first launched in 2020, with the #ChemEngatCOP27 campaign gaining more than 20,000 social media impressions.

Net zero and climate change have been key topics for IChemE policy work in recent years. Between January 2021 and the COP27 conference, IChemE published ten contributions to policy issues on its website. Of these, nine represented chemical engineering or general engineering input and advice relating to addressing climate issues and progressing towards net zero.

IChemE's member communities were encouraged to host webinars that both build skills for zero carbon futures and help members to understand climate risks. By the end June 2022, 37 out of 95 technical webinars held during the year were aligned with sustainability and responsible production. A compendium of freely available climate-related webinar recordings delivered by IChemE's special interest and member groups has also been produced, with 30 new recordings added during the year.

IChemE committed to develop its own plans for achieving net zero carbon emissions from direct operations globally by 2025, and to publish greenhouse gas emissions data and progress each year. Annual reports showing a reduction

in emissions in recent years have been published and an expert advisory group has developed guidance on good practice for minimising emissions from rented property and advised IChemE regarding carbon offsets.

Major Hazards Management

The Major Hazards Committee made good progress with two key projects during the year. The working group for the process safety competencies project determined what process safety competence looks like for chemical engineers in terms of skills and knowledge expected during the various stages of their career, with the final report of findings and recommendations due to be published in 2023. Subsequent phases of the project will look at process safety competencies for the Professional Process Safety Engineer, and for organisations.

The discovery phase of the lessons learned project was concluded with the working group establishing that there are plentiful tools and information available within IChemE and hence the requirement is to effectively disseminate lessons learned with members. The next stage of the project is to establish methods to engage members with the information and encourage their advocacy with lessons learned.

Digitalisation

The digitalisation technical advisory group continued their dedicated series in The Chemical Engineer on digitalisation and chemical engineering, including articles on digital twins in the chemical process industries and digitalising process safety.

Policy engagement

IChemE's technical roadmap, *Chemical Engineering Matters*, was reviewed and updated in 2022, its first update since 2016. The document provides a framework for society and stakeholders to explore how chemical engineers are central to addressing our global challenges, and identifies four key areas where our profession can create, maintain and improve quality of life, now and in the future: water, energy, food, and wellbeing.

Policy consultations are one method IChemE can use to ensure that chemical engineers' voices are heard by government. In 2022, IChemE contributed to six published pieces of policy work, covering consultation responses and technical policy reports in UK and Australia. A new fast-track policy process was developed, allowing the Institution to respond to consultations with short turnaround times, thereby increasing engagement with policy makers.

Active engagement with the National Engineering Policy Centre (NEPC) has continued to benefit IChemE's UK policy work. The NEPC operates as a hub for developing and disseminating engineering policy advice by working collaboratively with a cross section of 42 professional engineering institutions in the UK.

In a UK Government roundtable discussion held on sustainability education, IChemE recommended that the Department for Education (DfE) works with higher education institutions to enable the upskilling and reskilling of practising and future engineers to effectively perform roles that deliver sustainable solutions. IChemE Fellow Jarka Glassey represented IChemE at the roundtable held virtually in February as part of a consultation ahead of the publication of the Department's strategy on sustainability and climate change education, launched in April.

Publications

All wholly owned IChemE journals saw a rise in their Impact Factor in 2022, a quantitative measure of a journal in relation to its competitors. The Sustainable Production and Consumption journal achieved the highest ever Impact Factor for any IChemE journal with a score of 8.921.

Multiple collections of invited papers on topical areas across the breadth and depth of chemical engineering were published in IChemE journals throughout the year, including a special issue of Chemical Engineering Research and Design celebrating IChemE's centenary. This featured forward-looking perspective articles on core chemical engineering topics from experts in their respective fields.

The number of papers published in IChemE journals during 2022 approached 2,300, an increase of 30% since 2021. The number of manuscripts submitted was over 12,000, an increase of 23% in the same period.

The ten issues of The Chemical Engineer magazine published during the year included a new series on Ethics and The Chemical Engineer. Launched in partnership with volunteers, the series urged the community to 'think ethics before taking action'.

Readers of the Loss Prevention Bulletin (LPB) were invited to contribute their predictions for accidents of the future i.e. accidents that are typically repeated because lessons aren't learnt, or accidents that could arise from new technology. This resulted in a special issue of the bulletin which was shared with Hazards 32 delegates and is also free to download from the website.

Fellowships

Josh Fearn, a chemical engineering graduate of the University of Surrey, UK, was awarded the 2022 Ashok Kumar Fellowship which was established to enable chemical engineers to inform the work of UK Members of Parliament (MPs) and policy makers. In partnership with the Materials Processing Institute, IChemE funds a three-month placement with the UK Parliamentary Office for Science and Technology (POST), where Josh will contribute to an area of public policy.

A new bursary to fund 20 postgraduate students to attend a summer school to enhance their knowledge in catalysis was introduced under the Andrew Legacy scheme. The scheme aims to support scores of students in enhancing their knowledge in catalysis and is funded following a donation made to the Institution by the late Professor Syd Andrew, an IChemE Fellow and distinguished expert in the field of catalysis. The summer school was organised by, and held at, the University of Liverpool's Department of Chemistry in July and runs every two years.

Events

Knowledge-sharing and supporting continuing professional development (CPD) activities continued at the Hazards 32 conference in Harrogate, UK, delivered face-to-face for the first time since 2019. Held in October, 290 delegates attended to listen to a range of technical presentations from industry practitioners, researchers and regulators designed to help advance the understanding and application of managing major hazards. The prestigious Trevor Kletz Lecture was given by Dame Judith Hackitt who led the independent review into building regulations and fire safety for the UK Government after the Grenfell Tower fire in 2017. Emphasising the importance of cross-sector hazards learnings, Dame Judith reflected on her personal journey in process safety and related it to the challenges in the built environment sector as it faces new and tougher regulation in the wake of the Grenfell Tower tragedy.

For the first time, and to mark IChemE's centenary year, the Chemeca conference was held in conjunction with Hazards Australasia in Melbourne, Australia, in September. At Hazards Australasia, delegates learnt how to improve process safety practices in uncertain times, including the impact of sustained pressures and strains on workforces from the Covid-19 pandemic and Australian bush fires. Attendees had the opportunity to gain further knowledge at Chemeca with the sharing of engineering research and innovations helping to make a greener, safer, cleaner future. New to Chemeca this year was a panel discussion on the next 100 years of chemical engineering and a Hackathon competition.

Focusing on the specific challenges facing process safety practitioners in the Asia Pacific region, 296 people registered for the free-to-attend IChemE Regional Process Safety Seminar, held virtually in March.

Training

More than 80 live public training courses were delivered to over 900 attendees from all over the world. Eight new training courses were launched including Plant and Production Management and What Engineers Need to Know About Hydrogen Safety.

With IChemE members having free access to the full collection of courses within the Sustainability Hub, over 3,500 registrations were received for on-demand courses designed to further chemical engineer's knowledge and understanding around subjects that can contribute to sustainable development.

Serving Society

IChemE partnered with ITN Business to produce *Serving Society*, a programme looking at the role of the chemical engineer and how the profession is addressing some of the biggest challenges facing society today. Anchored by presenter Sharon Thomas, *Serving Society* featured industry experts along with informative interviews, news items and sponsored editorial profiles, filmed at the ITN Business London studio and around the UK.

The role of the chemical engineer has never been more important. *Serving Society* featured reports from IChemE exploring the evolution of the chemical engineering profession's place in society today and the incredible work being done to address the future of plastic recycling. The programme also showcased films from businesses, universities and organisations from across the field of chemical engineering, demonstrating the enormous contributions they are making to our world. The programme can be viewed by visiting www.icheme.org/serving-society.

Sustainability Hub

The Sustainability Hub was launched in February to support the development of sustainability knowledge for chemical engineers. The vision of the Sustainability Hub is to inspire and support chemical engineers to make a positive impact on global sustainability as defined by the UN Sustainable Development Goals (SDGs), focusing in particular on the following four SDGs:

- SDG 3: Good health and wellbeing
- SDG 6: Clean water and sanitation
- SDG 7: Affordable and clean energy
- SDG 12: Responsible consumption and production

A growing collection of training courses was made available through the Sustainability Hub to further chemical engineer's knowledge and understanding around subjects that can contribute to sustainable development. These courses were offered free of charge to IChemE members. All courses are delivered online, on-demand, enabling delegates to learn interactively in bite-sized chunks.

Resources to support general SDG knowledge were also developed to equip chemical engineers with up-to-date, sustainability-related information and tools. These resources were categorised within each of the target SDGs referenced above and include success stories, videos, links to relevant information within IChemE's Knowledge Hub as well as links to useful external information. New resources will continue to be added regularly.

The Sustainability Hub can be viewed at www.icheme.org/sustainability-hub.

Promoting process safety

IChemE has continued to promote process safety and advance the understanding and application of major hazards management techniques to benefit society.

The IChemE Safety Centre (ISC) delivered six technical webinars and recorded a series of process safety podcasts in collaboration with Chemical Processing magazine, with the top-rated podcast being Deadly lessons learned from a Permit-to-Work failure (Piper Alpha).

A new case study, Setting Sail, was launched, and added to the bank of ISC case studies, can be used as a training resource to communicate vital process safety lessons. Setting Sail explores the aftermath of an incident involving a ferry, with delegates working to establish who or what caused the event to occur.

The ISC's social media campaign #MinuteToLearn continued, sharing one-minute videos of incidents and related learnings on their anniversaries. Forty-nine videos gained over 5,000 YouTube views during the year. The number of followers of the ISC's social media accounts increased across all channels, with an increase of 55% on LinkedIn.

As part of IChemE's centenary activities, the Safety and Loss Prevention Special Interest Group compiled a series of 52 one-page summaries of major incidents from a variety of process industry sectors into a free-to-download e-book called 'Learning Lessons from Major Incidents'. The one-page summaries were created to be used as handouts in university classrooms, posters in plant offices and control rooms or as attachments to process hazard analysis or business case documentation to help justify investment in process safety improvement initiatives.

Recognising excellence

IChemE recognised the importance of celebrating excellence in chemical, biochemical and process engineering with the world-renowned Global Awards and Malaysia Awards events as well as the IChemE medals and prizes programme. The Global Awards celebrate excellence in chemical, biochemical and process engineering and are a mark of peer-recognition across the world within industry and academia. Achievements across chemical engineering were celebrated across 18 categories at the IChemE Global Awards 2022 ceremony, held in Manchester, UK, during November.

The winners of the 11th IChemE Malaysia Awards 2022 were announced at a virtual awards ceremony held in October. Trophies were awarded in seven categories for excellence in chemical, biochemical and process engineering.

IChemE's medals programme was modernised and reinvigorated in 2022, with changes enabling the recognition of people and processes that address climate change and drive greater sustainability. These improvements led to a 46% rise in nominations for IChemE medals compared to 2021.

Aim 3: Acknowledged as a peer-group leader in which an engaged membership receives and adds value

Membership engagement remained a priority during the year, with the Member Engagement Committee selecting three areas to focus on following the recommendations from the last member survey:

- Career journey support: the ambition is to improve communication around the breadth of continuing professional development (CPD) and to refresh mentoring to be scalable and accessible for the whole career journey;
- Students and early careers: an early careers working group has been formed to better understand the needs and expectations of student and early careers members;
- Volunteer engagement: the goal is to ensure all volunteering opportunities are openly advertised, to help volunteers build their networks, and to improve recognition of volunteer contributions.

Member communities' activity remained predominantly virtual in 2022 enabling members in all regions to access knowledge sharing and networking opportunities. 34 member groups and 19 special interest groups delivered programmes of networking events, webinars and dinners. More than 10,000 people attended 219 technical webinars and some face to face events were re-introduced following the pandemic, with more and more physical events taking place by the end of the year.

To further support early career chemical engineers, IChemE held a Global Careers Day in October, with over 360 students and recent graduates receiving advice and guidance from practicing chemical engineers from a wide variety of industries. The sessions were held across four different time zones to cater to a global audience. The recordings from the webinars held during the day are available in the early career area of the IChemE website.

Following a two-year hiatus in overseas travel due to the pandemic, IChemE's President visited members and stakeholders in Australia, Malaysia and Singapore in September. This included meeting the regional boards, university departments and corporate partners across the area to discuss governance structures, updates within the Institution and IChemE involvement in local activities.

Two town hall sessions were held virtually in May and November giving members the opportunity to hear from their senior leaders and put questions to the panel on topics ranging from sustainability, collaboration with other engineering institutions and membership growth.

Industrial and academic engagement

Engagement activities to support the development of chemical engineers in the workplace continued through working with employers on corporate partner programmes and Accredited Company Training Schemes (ACTS).

Strengthening the links with corporate partners, IChemE's President undertook a programme of industrial visits in November, meeting senior representatives and members in organisations including United Utilities, Syngenta, Astra Zeneca and Costain.

The President officially opened new state of the art facilities at the University of Southampton in November. The new facilities demonstrate the University's strong commitment to the profession and include a new teaching laboratory, a virtual control room and computing, design and study spaces. These resources will enable study to support the needs of society with greater emphasis on sustainability, ethics and diversity.

Engagement with universities continued with 40 presentations carried out during the year with the aim of exploring career and membership pathways with students. Some of these presentations remained virtual but more physical presentations took place than in the previous two years with the removal of restrictions related to the pandemic.

Volunteering at IChemE

Volunteering represents the foundations that IChemE has been built on during its first one hundred years. To support and recognise volunteers going forward, there was an increased focus on volunteer engagement during the year.

Over 3,000 volunteers shared their expertise and contributed to the achievements of the Institution in a wide range of roles, from professional reviewer to mentor, member group treasurer to net zero working group member.

Working with an independent external agency, IChemE commissioned a piece of research to explore volunteering and understand how the many volunteers who play a critical role in the running of the Institution felt about their experience. This was the first time that comprehensive feedback has been sought from the full complement of volunteers, with 453 volunteers taking part in the research.

Undertaken in collaboration with the Volunteer Engagement Committee, the project was instigated to fully understand the needs of volunteers with the aim of improving the volunteer experience and engagement across the Institution. The research findings led to a series of recommendations which were formulated into a programme of work which began towards the end of the year.

During the year, the volunteering team responded to 265 expressions of interest in volunteering roles with all new volunteer opportunities continuing to be advertised on the volunteer area of the IChemE website.

In June 2022, IChemE established a volunteer engagement function within the organisation to provide ongoing staff resource and expertise, ensuring consistency of good practice and to drive forward the programme of work that was developed following the research recommendations.

The Institution celebrated the UN International Volunteer Day in December with the launch of a video celebrating the contribution of volunteers across IChemE. Demonstrating the span of roles and opportunities within volunteering, a range of volunteers took part including a mentor, a member of the Australian Board, the chair of the Covid-19 Response Team, a member of the Sustainability Hub's Technical Advisory Group and a professional reviewer trainer.

Aim 4: Known as a high-performing organisation delivering significant value

IChemE continued its activities to strengthen the Institution's governance and operational model.

The Institution has continued to extend the scope of the ISO:9001 quality management system with the HR, Governance, Membership, Qualifications, Learned Society Knowledge and Finance departments coming on board in 2022. Documenting these additional quality management systems provides the framework for continuous improvement to meet the needs and expectations of members and interested parties. IChemE remains committed to the ISO9001:2015 standard aiming to gain certification across the organisation in 2023.

During 2022, IChemE commenced and delivered a new digital logged-in area for members and non-members to pay subscriptions, update contact details and join a member group. This exciting new platform is part of the Institution's commitment to improving the digital experience which will continue in 2023.

As part of a series of subscription-related improvements that have taken place since 2017, a revised approach to international rate allocation came into effect in 2022 with IChemE now recognising three subscription tiers based on World Bank data. The new subscription model ensures an equitable approach to membership subscriptions wherever our members reside.

Staff continue to work in a hybrid pattern. Staff wellbeing remained a priority with resources shared and campaigns rolled out to all staff. This included a campaign where the trained mental health first aiders shared their own stories with staff via an internal blog series. A series of internal engagement campaigns were instigated throughout the year including 'Walking the Centenary' to encourage physical activity. A new internal newsletter, 'The Update' was launched to communicate key updates to staff with research showing good engagement levels with the newsletter and the Intranet.

Sharing knowledge via the Institution's social media platforms, including LinkedIn, Twitter, Facebook and Instagram, led to IChemE's posts being seen over 3.1 million times as well as nearly 70,000 views of YouTube video content and nearly 80,000 views of the blogsite. The Institution also took part in World Engineering Day which was introduced to celebrate the contribution of the world's engineers for a better, sustainable world, with IChemE-produced videos being aired as part of the 24-hour live broadcast.

David Bogle was inaugurated as the 81st President of the Institution, delivering his Presidential Address from Savoy Place, London, UK, only 100 metres from the site where IChemE's first meeting took place 100 years ago. An audience of around 100 members, trustees and invited guests were physically present with many more watching the Address live online. Entitled Chemical Engineering: An Ethical Profession the Address focused on the need to ensure that ethical thinking is placed at the forefront of chemical engineering professionalism and education, as safety and sustainability have been in recent years. Bogle commented that safety and sustainability are parts of the ethical code that chemical engineers must all aspire to and for which the next generation must be trained.

Jon Prichard, Chief Executive, stepped down from his role in September to take up a new appointment at another organisation. On announcing his departure, Mr Prichard thanked all members, volunteers, staff and his peers for their continual support in advancing the contribution of chemical engineering. Jo Downham, Director, Finance and Business Support, was appointed Interim Chief Executive whilst the Institution recruited a successor. Yvonne Baker, a Chartered Chemical Engineer and Chief Executive of STEM Learning was appointed as IChemE's new Chief Executive Officer and will take up the post from April 2023.

ChemEng Evolution: IChemE at 100

2022 marked IChemE's centenary as the inaugural meeting of the Institution was held at the Hotel Cecil in London on 2 May 1922. From that first meeting, where approximately 100 chemical engineers attended, to the vibrant membership body which achieved an extensive global reach by the time of the centenary, IChemE has been advancing chemical engineering's contribution for 100 years.

Ahead of the centenary, a committed group of member volunteers worked to determine the most effective way to mark this milestone under the banner of 'ChemEng Evolution'. This name was given to the celebrations to celebrate chemical engineering achievements of the past whilst recognising the importance of permanently evolving to continue to contribute to global grand challenges in the future.

Nine themes were examined throughout the year, selected to highlight the enormous contribution that chemical engineering has made to society over the last century, and will continue to do so over the next 100 years. Thousands of members got involved by submitting thought-provoking articles, joining in with discussions in a programme of webinars, attending volunteer events, engaging with the centenary blog series and following #ChemEngEvolution on social media.

A dedicated centenary website was developed hosting a vast collection of articles written by members on topics that ranged from 'COVID-19, an impact on the whole world' to 'Message in a plastic bottle – the search for sustainability'. Another section of the website detailed the chemical engineers who inspired IChemE's Past Presidents. These range from Margaret Hutchinson Rousseau as nominated by Past President Julia Higgins to Trevor Kletz as nominated by Past President Ken Rivers. The website can be found at www.chemengevolution.org.

The Learned Society Committee (LSC) is now taking forward the legacy of the ChemEng Evolution project to inform IChemE's future strategy. In particular, the LSC is using the ChemEng Evolution themes to inform how IChemE's activities and engagement can be reconfigured around chemical engineers' contribution to society using the framework of the United Nations Sustainable Development Goals.

Plans for the future

The key activities to deliver against each of the strategic aims are set out as follows:

Aim 1: Respected for professionalism and technical competence

We will promote professional and technical competence by:

- accrediting educational programmes
- maintaining relevant qualifications
- assessing and promoting member competence
- supporting ongoing skills development

Aim 2: Recognised as a vibrant learned society that materially impacts on the Global Grand Challenges

We will advance Chemical Engineering by:

- developing an authoritative voice
- promoting innovation
- developing technical guidance and standards
- promoting good practice

Aim 3: Acknowledged as an Institution of choice in which an engaged membership receives and adds value

We will improve understanding and engagement by:

- promoting chemical engineering's contribution to society
- educating future generations
- promoting diversity and inclusion
- encouraging collaboration
- securing member engagement

Aim 4: Known as a high-performing organisation delivering significant value

We will enhance capability and performance by:

- embracing digitalisation
- optimising governance structures
- maintaining financial security
- developing organisational capability

Financial Review

The financial statements for the year ended 31 December 2022 are set out on pages 24 to 43.

The charity only financial results incorporate the results of the UK and its branch in Australia.

The consolidated financial statements also include the results of the Institution's UK trading subsidiary, IChemE Ltd, and the charitable activities of the Institution's subsidiaries in Malaysia, New Zealand and Singapore.

Unrestricted funds

Total group income for the year was £8,642,000 (2021: £7,886,000). The principal sources of income were:

- Membership subscription and accreditation fees totalling £4,098,000 (2021: £3,904,000).
- Within the Learned Society activity, training courses generated income of £1,943,000 (2021: £1,421,000). Income from training course activity had been significantly impacted by the pandemic in 2020 but by the end of 2022 had returned to pre-covid levels.
- Income from journals and publications was £1,369,000 (2021: £1,585,000). The income for 2021 included a one-off signing bonus of £350,000 secured as part of the renewal of the journals publishing contract with Elsevier. A further £597,000 (2021: £207,000) was received from conferences, seminars and events which returned to face to face events in 2022 generating a higher level of delegate and sponsorship income.
- Income from the Institution's knowledge communities, which includes company subscriptions to the IChemE Safety Centre and Special Interest Group activity was £364,000 (2021: £365,000). Other income, generated from collaboration with other entities, was £14,000 (2021: £7,000).
- No further income was received in 2022 from the Covid-19 government support schemes. In 2021, a total of £6,000 was claimed from the UK government's Coronavirus Job Retention Scheme and a further £110,000 was available from the local government support schemes for the staff and offices based in Australia, and Malaysia. The total funding of £116,000 for 2021 is shown as income on the Statement of Financial Activities under the heading 'exceptional government funding'.
- The income of the Institution's trading subsidiary IChemE Ltd, which is generated mainly through the sale of advertising space in the Institution's magazine, was £193,000 (2021: £190,000).
- There were no donations or legacies received or notified to the Institution in 2022. In 2021, a final payment of £26,000 was received from a legacy originally notified to the Institution in December 2017.
- Dividends and interest on the Institution's investment portfolio was £64,000 (2021: £65,000).

Total group expenditure for the year was £8,201,000 (2021: £7,273,000).

During 2022, following two years of the pandemic, there was a return of face to face training, events and stakeholder engagement which led to an increase in costs. However, IChemE continued to take advantage of the benefits realised during the previous two years by continuing to hold the majority of Trustee and Committee meetings virtually. All training courses and technical seminars also continued online which not only have a lower cost base but provide opportunities for increased inclusivity and a more equitable level of service to members, customers, and beneficiaries globally.

Total group expenditure for the year also includes the costs related to the IT Transformation Programme of £738,000 (2021: £335,000) of which £500,000 (2021: £335,000) was funded from designated funds. Details of the designated funds are set out in note 16 to the financial statements.

Overall net income before gains on investments funds, was £441,000 (2021: £613,000). Losses on investments for the year were £367,000 (2021: gains £576,000) resulting in an overall net income of £74,000 (2021: £1,189,000).

After the other recognised gains or losses; actuarial gain on the defined benefit pension scheme of £1,366,000 (2021: £1,191,000); as well as exchange gains on the retranslation of the balance sheets of the foreign branches and subsidiaries of £114,000 (2021: losses £110,000), the unrestricted fund balance at year end increased by £1,554,000 (2021: £2,270,000) to £4,810,000 (2021: £3,256,000).

The Institution's wholly owned trading subsidiary, IChemE Ltd, achieved an operating profit of £122,000 (2021: £125,000), which has been gift aided to the Institution. The results of the UK trading subsidiary and of the subsidiary undertakings in Malaysia, New Zealand and Singapore are set out in note 2 to the financial statements.

Restricted funds

Restricted funds are income funds that can only be used for specific purposes which have been specified by the donor, or by the terms applied to an appeal for funds.

The net expenditure on restricted funds for 2022 was £245,000 (2021: net income £75,000).

The total restricted fund balance at year end was £1,069,000 (2021: £1,314,000).

The movement in restricted income funds is set out in note 15 to the financial statements.

Investment policy and powers

Investments are held in accordance with the By-laws of the Institution. The Trustees have the power to invest all monies not immediately required for operational activities as it sees fit and to appoint advisers to make such investments on its behalf.

IChemE continues to use the services of an independent financial advisor to review and monitor the investment portfolio. The performance of the funds and ongoing investment strategy is formally reviewed by the Finance & HR Committee throughout the year.

The investment policy adopted by the Trustees is to achieve a target return of CPI + 3% over a 5-year rolling basis and over a rolling 3-year period to achieve a minimum return of CPI. The Institution's investment objective remains to achieve long term capital growth with income.

The investment portfolio is split between Rathbones Investment Management Limited and Ruffer LLP. Both organisations are working to this investment policy and apply their individual judgement for asset allocation and investment selection to achieve the investment objective.

The Trustees have considered their approach to ESG (Environmental, Social and Governance) within the investment strategy. The approach currently taken is not to specifically exclude any assets or investments, or to hold dedicated ESG investment funds. Both Rathbones and Ruffer consider ESG factors when evaluating investments and have their own ESG scoring mechanism for companies included within the investment portfolio. They work to improve ESG within those companies through active engagement and influence.

During the year, the investment funds received £64,000 (2021: £65,000) in interest and dividends, and incurred management fees of £66,000 (2021: £64,000). The funds generated unrealised losses of £367,000 (2021: £576,000). The total return for the year, taking into account all income, management fees and market value movements, was a decrease of 5.4% (2021: increase of 9.5%).

No disinvestments were made from the funds in 2022 (2021: £nil). All income received during the year has been re-invested.

The Institution's investments are recorded at market value. The market value of the investment portfolio at 31 December 2022 was £6,319,000 (2021: £6,678,000). The gains and losses on revaluation have been recognised in the Statement of Financial Activities.

Reserves policy

The Finance and HR Committee reviews the Institution's reserves policy and level of reserves held on an annual basis. The Committee considers all relevant information including the three-year budget and business plan, the strategic plan and the risks identified in the risk register.

The current reserves policy adopted by the Trustees is to hold free reserves equivalent to the level of committed costs plus a margin of 10%. This level of reserves is considered appropriate to demonstrate appropriate financial management of the Institution and to ensure the financial stability of the Institution in periods where there is a short to medium term shortfall in operating income. For 2022, the level of reserves required to meet this policy was £3,700,000.

The level of unrestricted reserves freely available at the year-end was £6,734,000 (2021: £6,559,000).

The current level of reserves held is in excess of the policy. The Trustees are comfortable holding excess reserves due to:

- the investment required to meet the next Strategy, some of which will require funding from reserves;
- the potential decline in the market value of the investment funds due to uncertainty in the investment market;
- to protect the Institution against fluctuating income levels;
- the defined benefit pension scheme liabilities could increase further with future years' triennial valuations.

Unrestricted free reserves exclude the designated fund of £350,000 (2021: £500,000), fixed asset reserves of £647,000 (2021: £721,000) and are stated before taking account of the pension-funding deficit of £2,921,000 (2021: £4,524,000) calculated under FRS 102. Due to the extremely long-term nature of the pension reserve, the unrestricted reserves freely available are considered a more appropriate measure.

Recognising the long-term nature of the liability, the Trustees are fully committed to the continuing support of the Defined Benefit Pension Scheme and working closely with the Pension Scheme Trustees when considering the triennial valuation results and in setting any recovery plan to eliminate the deficit in the Scheme. The contributions paid into the Scheme are included in the Institution's annual budgeting process to ensure, where possible, they are covered from operational activity rather than drawn down from reserves. The Trustees also work closely with the Pension Scheme Trustees to look at ways that the Scheme could be de-risked further, having already been closed to new members and future accruals and having utilised a Liability Driven Investment structure.

Further information on the Defined Benefit Pension Scheme can be found in note 21 to the financial statements.

The total funds held at year end, after taking into account the pension-funding deficit, amounted to £5,879,000 (2021: £4,570,000). The total fund balance includes restricted funds of £1,069,000 (2021: £1,314,000).

The Trustees have considered the level of reserves held at year end and believe they are sufficient to protect IChemE from serious disruption to its work.

Structure, Governance and Management

Governing Document

The Institution of Chemical Engineers was founded in 1922 and incorporated by Royal Charter in 1957.

The governing documents under which the Institution operates comprise the Royal Charter, as amended, the By-laws of the Institution, and Regulations made from time to time by the Board of Trustees, which is the Institution's governing body.

The Institution is a registered charity in England & Wales and a charity registered in Scotland.

Appointment of Trustees

The Trustees are elected in accordance with the Royal Charter and By-laws and the Board comprises the following roles:

- President
- Deputy President
- Immediate Past President
- Honorary Treasurer
- three Vice-Presidents
- three ordinary members
- two regional members

The Honorary Officers, consisting of the President, Deputy President, Immediate Past President and Honorary Treasurer, are elected annually. Those eligible for election as President shall be the Deputy President or, if in the opinion of the Board of Trustees special circumstances exist, a Fellow. The person eligible as Immediate Past President shall be the retiring President. Those eligible for Honorary Treasurer shall be as determined by the Nominations Committee.

The Vice-Presidents, ordinary members and regional members of the Board shall be elected for a term not exceeding three years nor less than one year.

Trustee induction and training

All new Trustees receive an induction pack including the By-laws and Regulations of the Institution, recent minutes of meetings, and the relevant Charity Commission publications outlining their roles and responsibilities as a Charity Trustee. An online induction programme takes place annually for all new Trustees, also available for existing Trustees, to get an oversight of the structure of the Institution and its activities.

Trustees have a legal duty to avoid conflicts of interest so that they can focus exclusively on the best interests of the Institution. The Institution maintains a register of interests, which is updated annually or when any changes are reported by Trustees. Procedures are in place for managing conflicts of interest that may arise during Trustee meetings.

Institution structure

The Board of Trustees is the governing body of the Institution and has ultimate responsibility for providing strategic direction and for ensuring that the charitable objects set out in the governing document are met. The Board of Trustees meets formally at least five times a year to review performance against these objects.

Congress is the representative advisory body serving as a link between the Institution's members and the Board of Trustees. Congress consists of up to forty members, all members of the Institution, who are nominated and elected by their peers from a functional or geographical college. The functional college consists of up to 15 representatives to broadly reflect the Institution's membership across the various grades. The regional college consists of up to 25 representatives to reflect the geographical footprint of the Institution's membership. Congress members are elected for a term of three years, renewable up to a maximum term of six years.

The Congress Steering Group is responsible for the oversight and facilitation of the conduct of Congress and the engagement of Congress members. The Steering Group consists of the Congress Chair, Vice-Chair, the Chief Executive and a designated Trustee lead.

Congress holds up to six sessions a year, which are held as online open forums each lasting up to thirty days. The agenda for the sessions is determined by the Chair of Congress in consultation with the Congress Steering Group.

The Chief Executive is appointed by the Board of Trustees and has delegated authority for the day-to-day operation of the Institution, its branches and subsidiary undertakings. The Chief Executive is supported by the Senior Management Team.

The Board of Trustees are the registered Trustees of IChemE's branch in Australia, which is registered with the Australian Charities and Not-for-profits Commission. The branch has a National Board to advise the Trustees on how IChemE's strategy can be delivered locally.

The Institution's operations in Malaysia, New Zealand and Singapore, each have their own National Boards operating under delegated authority from the Board of Trustees and in compliance with local regulatory requirements.

The Institution has a wholly owned trading subsidiary in the UK, IChemE Ltd, established to operate the sale of advertising space in the Institution's journals and publications. The company gift aids its taxable profits to the Institution.

In addition to Congress and the local National Boards, there are a number of standing Committees operating under delegated authority from the Board of Trustees which have been established to facilitate the operation of the charity. These consist of:

- Qualifications Committee
- Learned Society Committee
- Member Engagement Committee
- Governance Panel
- Finance & HR Committee
- Audit and Risk Committee
- Succession Planning Committee
- Nominations Committee
- Professional Conduct Pool
- Commercial Panel

The Terms of Reference, which include the delegated powers and membership of these Boards, Committees and Panels are set by the Board of Trustees and reviewed regularly.

The Institution also has an extensive network of National, Regional and Special Interest Groups enabling members to get involved in the Institution's activities. Each group has its own committee, made up of members of the Institution, who meet regularly throughout the year. The activities conducted by the Groups include technical meetings, continuing professional development, school liaison visits, and networking events.

Staff participation is encouraged at all levels in the making of decisions which affect the Institution's management and future development. Formal meetings are held to update all staff on the Institution's activities and other emerging issues.

Volunteers

All Trustees and the various members of boards, committees and panels give their time on a voluntary basis. The voluntary effort and contribution on the part of the members is at the heart of the Institution's success.

Fundraising

The Institution does not actively undertake any fundraising activities from the general public or use the services of professional fundraisers or commercial participants.

The Institution is not bound by any regulatory scheme and is not subject to any voluntary code of practice regulating fundraising.

No complaints have been received by the Institution in relation to fundraising activities.

Remuneration policy for key management personnel

The Institution considers its key management personnel to comprise the Board of Trustees, the Chief Executive and the Senior Management Team. All Trustees give their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses and related party transactions can be found in notes 8 and 17 to the accounts.

The pay of the Chief Executive and Senior Management Team is set by the Finance & HR Committee in line with the Institution's Remuneration Policy.

The Institution is committed to ensuring that it pays its staff fairly and in a way which ensures it attracts and retains appropriately qualified staff to lead, manage, support and deliver the Institution's charitable objects.

The objective of the Policy is to ensure that the Chief Executive and staff team are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Institution.

The Committee secure professional advice where appropriate to establish appropriate benchmark levels for each position or group of positions. These benchmark rates are reviewed regularly. When inflation is relatively low this review may not be annual and so an interim inflationary adjustment to the benchmark salary level may be made.

The Institution does not employ interns without pay and it complies with the living wage for all staff.

In addition to financial remuneration, the Institution seeks to provide staff with a supportive working environment and wherever possible works to promote the wellbeing of staff and satisfactory work-life balance.

The appropriateness and relevance of the Remuneration Policy is reviewed annually by the Committee.

Risk management

The Trustees are responsible for overseeing risk management across the organisation and for maintaining a sound system of internal control that supports the achievement of its strategic aims and objectives. The Audit & Risk Committee is responsible for assessing the effectiveness of risk management and internal controls across the organisation, and for reviewing the Institution's risk policy on an annual basis.

A strategic and operational risk register is maintained by the Senior Management Team and is formally reviewed on a quarterly basis. A change risk register is overseen by the Future Institution Transformation (FIT) Board. The risk registers capture the types of risk internally and externally, prioritises them in terms of potential impact, likelihood and reputational impact, and identifies means of mitigating those risks or minimising the impact on the Institution should those risks materialise. Both the senior executive team and the FIT Board regularly review the classification of the risks and the effectiveness of the control measures. The Audit & Risk Committee regularly review the risk registers, concentrating on the significant strategic risks and their control measures.

The business planning and budgeting cycle is used to set objectives for the following three years, agree action plans, allocate resources, and to identify new risks or changes in existing risks or their control measures. Progress towards meeting the objectives and annual budget is monitored on a monthly basis by the Senior Management Team.

The Trustees receive an annual report from the Audit & Risk Committee highlighting the top strategic and operational risks. Key changes in risk items will also be reported to the Trustees as required.

The highest rated strategic risks in 2022 which could impact the delivery of the strategy are listed below.

Risk	Control and Mitigation Measures
Insufficient volunteers to deliver our objects	Develop and deliver a cohesive and coherent approach to Volunteer Engagement and Volunteer Management; identify all volunteering roles, put in place process for succession planning, advertise all volunteering opportunities and put in place a mechanism to recognise our volunteers.
Membership lacks diversity and growth	Run a full calendar of marketing communication activities to help existing members progress through a range of membership grades and to recruit new members. Increased focus on diversity through our volunteer engagement programme and the development of a formalised ED&I positioning statement.
Governance structures do not provide leadership and decision making	Governance Panel established in 2020 to continuously review and update governing documents and committee structure. Review of Scheme of Delegation in 2023. Establish consistent model for project governance that conforms to best practice.
IChemE staff, members, volunteers do not support transformation	Keep key Stakeholders informed and engaged with the rationale for the need for change and the agreed priorities.
IChemE outputs or benefits are not valued by individuals and/or organisations	Run regular membership engagement survey, including benchmarking performance against other similar organisations. Review products and services to remain relevant to the breadth and width of members' career stages. Develop better understanding of member engagement within our new CRM system.

Uncontrolled change impacts resourcing and business plan priorities	Business Plan sets out a detailed prioritisation framework for all essential and secondary activities, and is split between Business as Usual and Change activity. New Change proposals are evaluated by the FIT (Future Institution Transformation) Governance Board and new Business as Usual activities are evaluated by the Senior Management Team.
Defined Benefit Pension Scheme becomes a disproportionate financial burden	Latest triennial valuation carried out in 2021 and revised Recovery Plan agreed. Maintain regular dialogue with Pension Scheme Trustees. Demonstrate strength of employer covenant. Seek independent actuarial advice where necessary.
Lose the ability to qualify members	Address any remaining weaknesses in existing processes as part of the enhancements to the Application System in 2023. Close relationships and engagement with the Regulators to ensure ongoing compliance is fully understood.

The Trustees are satisfied that reasonable steps are being taken to limit the probability and the impact of risk.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Charity 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 group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then applies them consistently.
- make judgements and estimates that are reasonable and prudent.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Institution will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

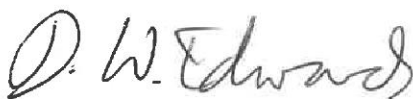
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 21 April 2023 and signed on its behalf by:



Prof ID Bogle
President



Dr DW Edwards
Honorary Treasurer

Davis Building
165-189 Railway Terrace
Rugby
CV21 3HQ

Independent Auditor's Report to the Trustees of the Institution of Chemical Engineers

Opinion

We have audited the financial statements of the Institution of Chemical Engineers (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated and Charity Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated and Charity Cash Flow Statements 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 group's and parent charity's affairs as at 31 December 2022 and of the group's and parent charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

Basis for opinion

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 151 of the Charities Act 2011 and report in accordance with regulations made under those Acts.

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charity'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, 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 this gives rise to 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 20 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk 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 and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and parent charity operate in and how the group and parent charity are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS102), Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2011, the parent charity's governing document and tax legislation.

We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection Regulation (GDPR). We performed audit procedures to inquire of management and those charged with governance whether the group/charity is in compliance with these law and regulations and read minutes.

The audit engagement team identified the risks of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and testing of income transactions around the period end.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Statutory Auditor
103 Colmore Row
Birmingham
B3 3AG

Date:

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

Consolidated statement of financial activities for the year ended 31 December 2022

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000
INCOME							
Donations & legacies	3	-	-	-	26	250	276
Charitable activities:	4						
Qualifying Chemical Engineers		4,101	-	4,101	3,904	-	3,904
Operating a Learned Society for Chemical Engineers		4,284	20	4,304	3,585	20	3,605
Exceptional government funding		-	-	-	116	-	116
Other trading activities:							
Trading operations	2	193	-	193	190	-	190
Investments	5	64	-	64	65	-	65
TOTAL INCOME		8,642	20	8,662	7,886	270	8,156
EXPENDITURE ON							
Raising funds:							
Trading operations	2	(71)	-	(71)	(65)	-	(65)
Investment management costs		(66)	-	(66)	(64)	-	(64)
Charitable activities:	6						
Qualifying Chemical Engineers		(3,740)	-	(3,740)	(3,263)	-	(3,263)
Operating a Learned Society for Chemical Engineers		(4,324)	(265)	(4,589)	(3,881)	(195)	(4,076)
TOTAL EXPENDITURE		(8,201)	(265)	(8,466)	(7,273)	(195)	(7,468)
Net (losses) / gains on investments	11	(367)	-	(367)	576	-	576
NET INCOME / (EXPENDITURE)		74	(245)	(171)	1,189	75	1,264
Transfer between funds:	15	-	-	-	-	-	-
Other recognised gains / (losses):							
Actuarial gains on defined benefit pension schemes	21	1,366	-	1,366	1,191	-	1,191
Exchange gains / (losses) arising from retranslation of foreign branches & subsidiaries		114	-	114	(110)	-	(110)
NET MOVEMENT IN FUNDS		1,554	(245)	1,309	2,270	75	2,345
Fund balances brought forward at 1 January		3,256	1,314	4,570	986	1,239	2,225
Fund balances carried forward at 31 December		4,810	1,069	5,879	3,256	1,314	4,570

The results relate to the continuing activities of the Institution. The group has no recognised gains or losses other than the net movement in funds for the year.

The notes on pages 28 to 43 form part of these financial statements.

Charity statement of financial activities for the year ended 31 December 2022

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000
INCOME							
Donations & legacies	3	-	-	-	26	250	276
Gift aid from subsidiary company	2	122	-	122	125	-	125
Charitable activities:	4						
Qualifying Chemical Engineers		4,100	-	4,100	3,903	-	3,903
Operating a Learned Society for Chemical Engineers		4,226	20	4,246	3,531	20	3,551
Exceptional government funding		-	-	-	116	-	116
Investments	5	64	-	64	65	-	65
TOTAL INCOME		8,512	20	8,532	7,766	270	8,036
EXPENDITURE ON							
Raising funds:							
Investment management costs		(66)	-	(66)	(63)	-	(63)
Charitable activities:	6						
Qualifying Chemical Engineers		(3,671)	-	(3,671)	(3,243)	-	(3,243)
Operating a Learned Society for Chemical Engineers		(4,267)	(265)	(4,532)	(3,802)	(195)	(3,997)
TOTAL EXPENDITURE		(8,004)	(265)	(8,269)	(7,108)	(195)	(7,303)
Net (losses) / gains on investments	11	(367)	-	(367)	576	-	576
NET INCOME / (EXPENDITURE)		141	(245)	(104)	1,234	75	1,309
Transfer between funds:	15	-	-	-	-	-	-
Other recognised gains / (losses):							
Actuarial gains on defined benefit pension schemes	21	1,366	-	1,366	1,191	-	1,191
Exchange gains / (losses) arising from retranslation of foreign branches & subsidiaries		108	-	108	(103)	-	(103)
NET MOVEMENT IN FUNDS		1,615	(245)	1,370	2,322	75	2,397
Fund balances brought forward at 1 January		3,091	1,314	4,405	769	1,239	2,008
Fund balances carried forward at 31 December		4,706	1,069	5,775	3,091	1,314	4,405

Balance sheets at 31 December 2022

	Note	Group 2022 £000	2021 £000	Charity 2022 £000	2021 £000
Fixed assets					
Tangible assets	10	647	721	647	721
Investments	11	6,319	6,678	6,319	6,678
		<u>6,966</u>	<u>7,399</u>	<u>6,966</u>	<u>7,399</u>
Current assets					
Debtors	12	1,201	873	1,397	892
Cash at bank and in hand		3,320	3,319	2,933	3,052
		<u>4,521</u>	<u>4,192</u>	<u>4,330</u>	<u>3,944</u>
Creditors: Amounts falling due within one year	13	<u>(2,687)</u>	<u>(2,497)</u>	<u>(2,600)</u>	<u>(2,414)</u>
Net current assets		<u>1,834</u>	<u>1,695</u>	<u>1,730</u>	<u>1,530</u>
		<u>8,800</u>	<u>9,094</u>	<u>8,696</u>	<u>8,929</u>
Pension scheme funding deficit	21	<u>(2,921)</u>	<u>(4,524)</u>	<u>(2,921)</u>	<u>(4,524)</u>
Total net assets after pension deficit		<u>5,879</u>	<u>4,570</u>	<u>5,775</u>	<u>4,405</u>
Income Funds					
Unrestricted funds					
General funds		7,381	7,280	7,277	7,115
Designated funds	16	350	500	350	500
Pension reserve	21	<u>(2,921)</u>	<u>(4,524)</u>	<u>(2,921)</u>	<u>(4,524)</u>
		<u>4,810</u>	<u>3,256</u>	<u>4,706</u>	<u>3,091</u>
Restricted funds	15	<u>1,069</u>	<u>1,314</u>	<u>1,069</u>	<u>1,314</u>
Total funds		<u>5,879</u>	<u>4,570</u>	<u>5,775</u>	<u>4,405</u>

These financial statements were approved by the Board of Trustees and authorised for issue on 21 April 2023.



Prof ID Bogle
President



Dr DW Edwards
Honorary Treasurer

Consolidated cash flow statement for the year ended 31 December 2022

	<i>Note</i>	2022 £000	2021 £000
Cash flows from operating activities	<i>19</i>	(74)	563
Cash flows from investing activities:			
Dividends and interest from investments	<i>5</i>	64	65
Purchase of fixed asset investments	<i>11</i>	(64)	(65)
Purchase of property, plant & equipment	<i>10</i>	(3)	-
Net cash provided by / (used in) investing activities		(3)	-
Change in cash and cash equivalents in the reporting period		(77)	563
Cash and cash equivalents at the start of the reporting period		3,319	2,819
Change in cash and cash equivalents due to exchange rate movements		78	(63)
Cash and cash equivalents at the end of the reporting period		3,320	3,319

Charity cash flow statement for the year ended 31 December 2022

	<i>Note</i>	2022 £000	2021 £000
Cash flows from operating activities	<i>19</i>	(154)	545
Cash flows from investing activities:			
Dividends and interest from investments	<i>5</i>	64	65
Purchase of fixed asset investments	<i>11</i>	(64)	(65)
Purchase of property, plant & equipment	<i>10</i>	(3)	-
Net cash provided by / (used in) investing activities		(3)	-
Change in cash and cash equivalents in the reporting period		(157)	545
Cash and cash equivalents at the start of the reporting period		3,052	2,521
Change in cash and cash equivalents due to exchange rate movements		38	(14)
Cash and cash equivalents at the end of the reporting period		2,933	3,052

Notes forming part of the financial statements for the year ended 31 December 2022

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP (FRS 102)); and the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The financial statements are presented in Sterling (£) and are rounded to the nearest thousand pounds.

The Institution meets the definition of a public benefit entity as defined by FRS 102.

Preparation of the accounts on a going concern basis

The Trustees have assessed whether the use of a going concern basis is appropriate when preparing these financial statements and have concluded that there are no material uncertainties about the Institution's ability to continue as a going concern, and that the Institution has sufficient cash reserves to continue to meet its liabilities as they fall due.

In arriving at this decision, the Trustees have taken into account: the group's financial performance during 2022; the budgets and cashflow predictions for the next three-year period; and the level of free reserves held at year-end.

The principal accounting policies adopted by the Institution are set out below:

Basis of consolidation

The financial statements consolidate the financial statements of the UK and Australian branch, its wholly owned UK trading subsidiary IChemE Ltd and its not-for-profit subsidiaries IChemE in Malaysia, IChemE in New Zealand and IChemE in Singapore Ltd, by virtue of the control exercised by the charity. The results of the subsidiaries are consolidated on a line-by-line basis. The results of the subsidiaries are summarised in note 2 of the financial statements.

Income

Income is recognised when the Institution has entitlement to the income, any performance conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Donations are recognised when the Institution has entitlement to the funds, it is probable that the income will be received, and the amount can be measured reliably. When donors specify that donations are to be used for a specific purpose, they will be included in income as a restricted fund when receivable.

Legacy gifts are recognised on a case-by-case basis following the granting of probate when the administrator of the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Subscriptions and events income are accounted for in the year to which they apply. Subscription income received during the year that relates to a subsequent financial accounting period is carried forward as a creditor in the balance sheet and shown as deferred income.

Interest and dividends on investments are accounted for when receivable.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal and constructive obligation committing the Institution to the expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

1 Accounting policies (continued)

All expenditure is included in the statement of financial activities on an accruals basis.

Expenditure is recorded net of value added tax unless irrecoverable.

All expenditure, including support costs, are allocated or apportioned to the applicable expenditure headings in the statement of financial activities.

Allocation of support and governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

Governance and support costs relating to charitable activities have been apportioned on the basis of staff costs associated with each activity. The allocation of support and governance costs is analysed in note 7.

Operating leases

Operating lease rentals are charged to the statement of financial activities on a straight-line basis over the terms of the lease.

Tangible fixed assets and depreciation

Fixed assets are recorded at cost or valuation, net of depreciation and any provision for impairment. Expenditure on individual fixed assets costing over £2,500 is capitalised.

Depreciation is charged on a straight-line basis to write off the cost or valuation less the estimated residual value of assets over their estimated useful lives as at the following rates:

Freehold buildings	-	5%
Leasehold buildings	-	20%
Office equipment	-	15%
Computer software	-	33%

Freehold land is not depreciated.

Freehold property at Rugby was valued on the basis of open fair value for their existing use by Chartered Surveyors in 1999. Depreciation is charged on the building element of property at Rugby at the rate of 5% per annum.

Investments

Fixed asset investments are initially recorded at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing bid price. The statement of financial activities includes the net gains or losses arising on revaluation and disposals throughout the year.

Realised gains or losses on investments are calculated as the difference between the sales proceeds and their fair value at 31 December (or historical cost if purchased within the year). Unrealised gains or losses are derived from the movement in fair values during the year.

The Institution does not acquire put options, derivatives or other complex financial instruments.

Fund accounting

The Institution has different types of funds which require separate disclosure. These are as follows:

▪ Restricted income funds

These are earmarked by the donor for specific purposes within the overall aims of the Institution. The income generated must be used in accordance with the specific purpose.

▪ Unrestricted funds

Unrestricted funds comprise funds which are expendable at the discretion of the Board of Trustees in connection with the objects of the Institution. Designated funds comprise unrestricted funds that have been set aside by the Trustee for a particular purpose.

Foreign exchange gains and losses

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken through the statement of financial activities.

1 Accounting policies (continued)

Pension costs

Employees of the charity are entitled to join a group personal pension plan. This is a defined contribution pension scheme with assets held in the names of the individual members. The charity contribution is restricted to the contributions disclosed in note 21. The costs of the defined contribution scheme are included within staff costs and are charged to the statement of financial activities in the year in which they become payable.

The charity also operates a defined benefit pension scheme. The scheme was closed to new members and future service accruals in 2006. The assets of the scheme are held separately from those of the Institution in an independently administered fund.

The difference between the fair value of the assets held in the defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the balance sheet as a pension asset or liability as appropriate. Changes in the defined pension scheme asset or liability arising from factors other than cash contribution by the Institution are charged to the Statement of Financial Activities in accordance with FRS 102.

Provisions

Provisions are recognised when the Institution has a present obligation, legal or constructive, as a result of a past event, it is probable that the Institution will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Financial instruments

Financial assets, other than fixed asset investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and underlying assumptions are continually reviewed.

The following are critical judgements that the Trustees have made in the process of applying the Institution's accounting policies:

- determining whether leases entered into by the group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 10). Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of these assets are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as life cycle and maintenance programmes are taken into account. Residual value assessments consider issues such as the remaining life of the asset and project disposal values.
- Trade debtors (see note 12). At each reporting date, trade debtors are assessed for recoverability. If there is any evidence of impairment, the carrying amount of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in the income statement.
- Pensions costs (see note 21). The defined benefit pension scheme obligations are based on actuarial assumptions such as discount rate, the expected rate of return on scheme assets, and mortality rates, which are extensively detailed in note 21.

2 Results of subsidiaries

The summary financial performance and position of the subsidiaries is shown below:

	IChemE Ltd £000	IChemE in New Zealand £000	IChemE in Singapore Ltd £000	IChemE Malaysia Sdn Bhd £000	2022 Total £000	2021 Total £000
Income	193	20	-	38	251	284
Expenditure	(71)	(35)	-	(90)	(196)	(180)
Net income / (expenditure)	122	(15)	-	(52)	55	104
Amount gift aided to the Institution	(122)	-	-	-	(122)	(125)
Retained in subsidiary	-	(15)	-	(52)	(67)	(21)

Balance sheets

	IChemE Ltd £000	IChemE in New Zealand £000	IChemE in Singapore Ltd £000	IChemE Malaysia Sdn Bhd £000	2022 Total £000	2021 Total £000
Fixed assets	-	-	-	-	-	-
Current assets	319	154	-	88	561	403
Current liabilities	(319)	(25)	-	(113)	(457)	(238)
Net current assets	-	129	-	(25)	104	165
Total net assets	-	129	-	(25)	104	165

IChemE Ltd (company number 2817128) is a company limited by shares, incorporated in the United Kingdom.
IChemE in New Zealand (society number 980425) is an incorporated society in New Zealand.
IChemE in Singapore Ltd (201523087E) is a company limited by guarantee in Singapore.
IChemE Malaysia Sdn Bhd (company number 1390908-U).

3 Income from donations and legacies

Group and Charity	2022 £000	2021 £000
Donations (restricted fund)	-	250
Legacies	-	26
	-	276

4 Analysis of income from charitable activities

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
<i>Qualifying Chemical Engineers:</i>				
Membership subscription and accreditation fees	4,098	3,904	4,097	3,903
<i>Operating a Learned Society for Chemical Engineers:</i>				
Journals & publications	1,369	1,585	1,369	1,585
Knowledge communities	364	365	353	362
Conferences, seminars & events	597	207	595	201
Provision of training	1,943	1,421	1,898	1,376
Other income	14	7	14	7
Subscriptions to technical centres (restricted funds)	20	20	20	20
<i>Exceptional government funding:</i>				
Coronavirus Job Retention Scheme (UK)	-	6	-	6
Government wage subsidy schemes (non-UK)	-	110	-	110
	8,405	7,625	8,346	7,570

During 2021, the Institution was eligible to claim funding in the year from government support schemes in response to Covid-19. No Further income was received in 2022.

5 Investment income

Group and Charity	2022	2021
	£000	£000
Interest receivable	3	15
Dividends receivable	61	50
	64	65

6 Analysis of expenditure on charitable activities

Group	Direct activity costs	Support costs	2022 Total	2021 Total
	£000	£000	£000	£000
Qualifying Chemical Engineers	2,414	1,326	3,740	3,263
Operating a Learned Society for Chemical Engineers	3,291	1,298	4,589	4,076
	5,705	2,624	8,329	7,339

Expenditure on charitable activities was £8,329,000 (2021: £7,339,000) of which £8,099,000 was unrestricted (2021: £7,144,000) and £230,000 was restricted (2021: £195,000).

Charity	Direct activity costs	Support costs	2022 Total	2021 Total
	£000	£000	£000	£000
Qualifying Chemical Engineers	2,376	1,295	3,671	3,243
Operating a Learned Society for Chemical Engineers	3,252	1,280	4,532	3,997
	5,628	2,575	8,203	7,240

6 Analysis of expenditure on charitable activities (continued)

Net income for the year is stated after charging / (crediting):

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Depreciation	77	77	77	77
Operating leases:				
Plant and machinery	10	9	10	9
Land and buildings	74	75	60	61
Exchange rate differences	(53)	51	26	(18)
	<u>77</u>	<u>77</u>	<u>77</u>	<u>77</u>

7 Analysis of governance and support costs

Included within expenditure on charitable activities are governance and support costs amounting to £2,624,000 (2021: £2,394,000). These are analysed as:

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Staff costs	1,062	968	1,028	922
Finance	414	307	410	317
IT	476	522	474	534
Facilities & HR	523	521	512	502
Management & Governance	149	76	151	51
	<u>2,624</u>	<u>2,394</u>	<u>2,575</u>	<u>2,326</u>

The governance and support costs have been apportioned across the charitable activities on the basis of staff time associated with each activity. The charge to each activity was as follows:

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Qualifying Chemical Engineers	1,326	1,184	1,295	1,143
Operating a Learned Society for Chemical Engineers	1,298	1,210	1,280	1,183
	<u>2,624</u>	<u>2,394</u>	<u>2,575</u>	<u>2,326</u>

Analysis of governance costs:

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
External audit	41	36	35	31
General meeting costs	9	5	7	5
Legal & professional fees	27	22	26	13
Electoral services	3	3	3	3
	<u>80</u>	<u>66</u>	<u>71</u>	<u>52</u>

8 Analysis of trustee remuneration and expenses

Group and Charity	2022 £000	2021 £000
Expenses paid to or on behalf of six (2021: nil) Trustees in respect of travel, subsistence, and accommodation costs	19	-

The Trustees give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2021: £nil).

9 Analysis of staff costs and remuneration to key management personnel

The average monthly headcount for the group during the year was 94 (2021: 94) and for the charity during the year was 89 (2021: 89). The number of full-time equivalent persons employed by the group and charity during the year was as follows:

	Group 2022	2021	Charity 2022	2021
Qualifying Chemical Engineers	33	34	30	30
Operating a Learned Society for Chemical Engineers	33	34	33	33
Management and Administration	20	19	18	18
	86	87	81	81

The aggregate payroll costs of these persons were as follows:

	Group 2022 £000	2021 £000	Charity 2022 £000	2021 £000
Wages and salaries	3,408	3,293	3,350	3,234
Social security costs	327	285	326	284
Pension scheme contributions	300	282	295	276
Defined benefit pension scheme operating costs	81	79	81	79
Employee benefits	64	49	64	49
	4,180	3,988	4,116	3,922

During 2022, £nil (2021: £nil) was paid out as redundancy or termination payments.

The numbers of employees, including the Chief Executive, whose total employee benefits, excluding employer pension contributions, exceeded £60,000, fell within the following ranges:

	Group 2022	2021	Charity 2022	2021
£60,001 - £70,000	3	3	3	3
£70,001 - £80,000	1	1	1	1
£80,001 - £90,000	1	2	1	2
£90,001 - £100,000	2	-	2	-
£100,001 - £110,000	-	1	-	1
£110,001 - £120,000	1	-	1	-
£120,001 - £130,000	-	1	-	1
£150,001 - £160,000	1	-	1	-
£190,001 - £200,000	-	1	-	1

The number of employees who earned more than £60,000 for whom pension benefits are accruing under the defined contribution pension scheme is 8 (2021: 6). Contributions in respect of these employees amounted to £62,000 (2021: £46,000). The Institution considers its key management personnel to comprise the Board of Trustees, the Chief Executive, and the Senior Management Team. The total employment benefits of 6 (2021: 7) key management personnel staff, including employer pension contributions and employer's national insurance, were £749,000 (2021: £821,000).

10 Tangible fixed assets

Group	Freehold Property	Short leasehold property	Office equipment	Computers	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At beginning of year	1,800	19	141	31	1,991
Additions	-	-	-	3	3
Disposals	-	(19)	-	(3)	(22)
At end of year	1,800	-	141	31	1,972
Depreciation					
At beginning of year	1,079	19	141	31	1,270
Charge for the year	76	-	-	1	77
Disposals	-	(19)	-	(3)	(22)
At end of year	1,155	-	141	29	1,325
Net book value					
At 31 December 2022	645	-	-	2	647
At 31 December 2021	721	-	-	-	721

Charity	Freehold Property	Short leasehold property	Office equipment	Computers	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At beginning of year	1,800	19	141	31	1,991
Additions	-	-	-	3	3
Disposals	-	(19)	-	(3)	(22)
At end of year	1,800	-	141	31	1,972
Depreciation					
At beginning of year	1,079	19	141	31	1,270
Charge for the year	76	-	-	1	77
Disposals	-	(19)	-	(3)	(22)
At end of year	1,155	-	141	29	1,325
Net book value					
At 31 December 2022	645	-	-	2	647
At 31 December 2021	721	-	-	-	721

Freehold property at 31 December 2022 includes land at valuation of £280,000 (2021: £280,000) which is not depreciated.

11 Fixed asset investments

Group and Charity	2022 £000	2021 £000
Fair value at 1 January	6,678	6,090
Acquisitions at cost	2,935	1,832
Proceeds of disposals	(2,927)	(1,820)
Net (losses) / gains on revaluation	(367)	576
Fair value at 31 December	6,319	6,678
Historical cost at 31 December	3,739	3,731

All investments are carried at their fair value. An analysis of the fair value of the investments at 31 December 2022 is as follows:

Group and Charity	2022 £000	2021 £000
Equities	2,639	4,048
Fixed Interest	1,828	1,336
Other	1,563	1,001
Cash	289	293

Investments in Subsidiaries

The Institution holds 2 shares of £1 each in its wholly owned trading subsidiary company IChemE Ltd which is incorporated in the United Kingdom. These are the only shares allotted, called up and fully paid.

IChemE in Singapore Limited, which is incorporated in Singapore, is a company limited by guarantee and is a wholly owned subsidiary of the Institution.

A new private limited company was established in Malaysia in October 2020, IChemE Malaysia Sdn Bhd. The Institution holds 100 shares of MYR 1 each in the wholly owned subsidiary.

The activities and results of these companies are summarised in note 2.

12 Debtors

	Group		Charity	
	2022 £000	2021 £000	2022 £000	2021 £000
Trade debtors	367	256	263	200
Amount due from subsidiaries	-	-	351	141
Other debtors	8	1	4	1
Prepayments and accrued income	826	616	779	550
	1,201	873	1,397	892

13 Creditors: amounts falling due within one year

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade creditors	384	465	367	461
Amounts due to subsidiaries	-	-	10	7
Other creditors	292	377	292	362
Taxation and social security	199	120	185	108
Accruals	412	230	392	210
Deferred income	1,400	1,305	1,354	1,266
	<u>2,687</u>	<u>2,497</u>	<u>2,600</u>	<u>2,414</u>

Deferred income relates to annual subscriptions payments and events income which have been paid to the Institution in advance. All deferred income is released to the statement of financial activities in the following year.

14 Commitments

Total future commitments under non-cancellable operating leases are as follows:

Group	2022		2021	
	Land and buildings	Other	Land and Buildings	Other
	£000	£000	£000	£000
Amounts falling due:				
In less than one year	38	7	71	9
In the second to fifth years inclusive	-	1	34	8
Over five years	-	-	-	-
	<u>38</u>	<u>8</u>	<u>105</u>	<u>17</u>

Charity	2022		2021	
	Land and buildings	Other	Land and Buildings	Other
	£000	£000	£000	£000
Amounts falling due:				
In less than one year	34	7	61	9
In the second to fifth years inclusive	-	1	34	8
Over five years	-	-	-	-
	<u>34</u>	<u>8</u>	<u>95</u>	<u>17</u>

A first charge of £500,000 was placed on the freehold premises at Rugby in favour of the Defined Benefit Pension Scheme in March 2017.

15 Analysis of movements in restricted funds

Group and Charity	International Process Safety Group (IPSG) £000	Medals & Awards (MM Sharma / SIESO) £000	John Collier Memorial Fund £000	Andrew Legacy Fund £000	Sustainability Hub £000	Total £000
At 1 January 2022	45	38	35	1,020	176	1,314
Income	20	-	-	-	-	20
Expenditure	(25)	(3)	(35)	(137)	(65)	(265)
Transfer between Funds	-	-	-	-	-	-
At 31 December 2022	40	35	-	883	111	1,069

The IPSG funds relates to an industry funded technical centre which is administered in accordance with its Statute.

The MM Sharma Medal was created following a donation of £13,000 from the JB Joshi Foundation in 2018. An award of £1,000 is made to the winner(s) of the medal for excellence in the field of chemical engineering. The donation will also be used to fund IChemE's administration expenses for the medal of up to £250 a year.

The SIESO Medal was launched in 2019 following a bequest of £29,500 from SIESO (a society that Shared Information and Experience for Safer Operation) which ceased operations in 2018. The medal seeks to raise awareness of process safety among science, business, and engineering students. It consists of an award of £750 and up to £250 in travel allowance to attend the presentation.

In 2020, it was agreed that the remaining balance in the John Collier Memorial Fund could be assigned to IChemE's centenary project and the Fund balance was spent accordingly in 2022.

The Andrew Legacy Fund seeks to hold a medal lecture on the theme of 'The Science of Formulation of Heterogeneous Catalysts' and to support academic research in enhancing the science of formulation of heterogeneous catalysts. The medal and lecture are normally awarded every three years. The Institution has also set up the Andrew Fellowship which funds up to two early career researchers a year to undertake research in the field of Heterogeneous Catalysts. The Fellowship consists of a stipend of £10,000 a year plus £5,000 a year in expenses for a period of up to four years. Additionally, in 2020 the Institution agreed to fund the 'Sydney Andrew PhD Scholarship in Multiscale Catalysis Research' run by the University of Bath. Funding for the Scholarship has been agreed at £25,300 a year for the period 2020-2024. In 2022, the Fund paid for up to 20 PhD, EngD or MSc students to attend the week-long summer school Catalysis: Fundamental and Practice about the fundamentals of heterogeneous catalysis. The summer school is organised by, and held at, the University of Liverpool's Department of Chemistry every two years.

In March 2021, the Institution received a donation of £200,000 to be used for the development of sustainability knowledge for chemical engineers. A programme of work began in May 2021 to create the Sustainability Hub, with a vision to create and deliver a sustainability knowledge resource. The Sustainability Hub was formally launched in February 2022, and additional training and content was developed throughout the year. The donation and reclaimed gift-aid has been recognised in restricted funds.

16 Analysis of movements in unrestricted designated funds

Group and Charity	Future Institution Transformation Programme £000	Total £000
At 1 January 2022	500	500
Expenditure	(500)	(500)
Transfer between funds	350	350
At 31 December 2022	350	350

16 Analysis of movements in unrestricted designated funds (continued)

From 2019 onwards, IChemE has undertaken a significant amount of work in improving and modernising the Institution's IT services and platforms. The first stage of work, completed in 2021, addressed a number of risks by replacing all core operating systems with cloud based applications and moving any remaining systems off premise and into the cloud.

A second phase of work under the Future Institution Transformation Programme (FIT Phase 2) was subsequently planned for 2022 and 2023 to make further enhancements to the core operating systems in order to drive efficiency and continuous improvement. A sum of £500,000 was designated in December 2020 for this second phase of work, and at the Board of Trustees' meeting in January 2022 it was agreed to add a further £350,000 to the designated fund.

17 Related party transactions

During the year recharges have been made between the charity and its subsidiary undertakings. These relate to direct costs and staff costs incurred by one party on behalf of the other. The net amount recharged was:

	Net amount recharged from / (to) the charity in the year		Balance outstanding at year end included in debtors / (creditors) for the charity	
	2022 £000	2021 £000	2022 £000	2021 £000
IChemE Ltd	192	25	299	107
IChemE in Malaysia	-	(61)	-	-
IChemE in New Zealand	(11)	(9)	(33)	(22)
IChemE in Singapore Ltd	-	(13)	-	-
IChemE Malaysia Sdn Bhd	15	28	43	28
	<u>196</u>	<u>(30)</u>	<u>309</u>	<u>113</u>

IChemE Ltd gift aids its operating profit to the charity and the balance of £122,000 (2021: £125,000) is included in debtors for the charity at year end.

18 Analysis of group and charity net assets between funds

Fund balances at 31 December 2022 are represented by:

Group	Unrestricted funds £000	Restricted Funds £000	Total £000
Tangible fixed assets	647	-	647
Investments	6,319	-	6,319
Pension scheme funding deficit	(2,921)	-	(2,921)
Net current assets	765	1,069	1,834
Total net assets	<u>4,810</u>	<u>1,069</u>	<u>5,879</u>
Charity	Unrestricted funds £000	Restricted Funds £000	Total £000
Tangible fixed assets	647	-	647
Investments	6,319	-	6,319
Pension scheme funding deficit	(2,921)	-	(2,921)
Net current assets	661	1,069	1,730
Total net assets	<u>4,706</u>	<u>1,069</u>	<u>5,775</u>

19 Reconciliation of net movement in funds to net cash flow from operating activities

Group	2022 £000	2021 £000
Net (expenditure) / income	(171)	1,264
Adjustments for:		
Depreciation on tangible fixed assets	77	77
Losses / (gains) on investments	367	(576)
Dividends and interest from investments	(64)	(65)
Investment management fees	56	53
Difference between pension charge and cash contribution	(237)	(204)
(Increase)/decrease in debtors	(328)	(207)
Increase/(decrease) in creditors	190	268
Exchange gains / (losses) arising from retranslation of foreign branches & subsidiaries	114	(110)
Change in cash and cash equivalents due to exchange rate movements	(78)	63
Net cash (used in) / provided by operating activities	(74)	563
Charity	2022 £000	2021 £000
Net (expenditure) / income	(104)	1,309
Adjustments for:		
Depreciation on tangible fixed assets	77	77
Losses / (gains) on investments	367	(576)
Dividends and interest from investments	(64)	(65)
Investment management fees	56	53
Difference between pension charge and cash contribution	(237)	(204)
(Increase)/decrease in debtors	(505)	(153)
Increase/(decrease) in creditors	186	193
Exchange gains / (losses) arising from retranslation of foreign branches & subsidiaries	108	(103)
Change in cash and cash equivalents due to exchange rate movements	(38)	14
Net cash (used in) / provided by operating activities	(154)	545

20 Analysis of changes in net debt

Group	At start of year £000	Cash flows £000	Foreign exchange movements £000	At end of year £000
Cash	3,319	(77)	78	3,320
Total	3,319	(77)	78	3,320
Charity	At start of year £000	Cashflows £000	Foreign exchange movements £000	At end of year £000
Cash	3,052	(157)	38	2,933
Total	3,052	(157)	38	2,933

21 Pension scheme

Defined contribution scheme

The Institution's Defined Contribution Pension Scheme for UK based staff was established in April 2006 following the closure of the Defined Benefit Scheme. The assets of the Scheme are held separately from those of the charity and from January 2021 were administered by The People's Partnership (formerly The People's Pension), provided by B&CE. The Institution pays one and a half times the percentage that the employee contributes up to a maximum of 12%. The total pension cost charge to the Institution, representing contributions payable to the fund amounted to £258,000 (2021: £235,000).

The total pension cost for the staff of the branch in Australia, which is paid under the superannuation scheme at 9.5% of base salary, was £36,000 (2021: £42,000).

Pension costs relating to the employees of the Institution's subsidiaries IChemE in Malaysia and IChemE in New Zealand amounted to £6,000 (2021: £6,000).

Defined benefit scheme

The Institution operates a defined benefit pension arrangement called the Institution of Chemical Engineers Pension Scheme. The Scheme provides benefits based on salary and length of service on retirement, leaving service or death. In 2006, the Scheme was closed to new members, future service accruals and salary revaluations were limited with effect from 5 April 2006.

The scheme is funded with the assets being held by the pension scheme's trustees separately from the assets of the Institution.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least every three years to determine whether the Statutory Funding Objective is met. As part of the process, the Institution and the trustees of the Scheme must agree the contributions to be paid to address any shortfall against the Statutory Funding Objective.

The most recent triennial valuation of the Scheme as at 31 December 2020 was carried out during 2021. The results of that valuation showed that the deficit in the Scheme had increased from £4.89m to £5.26m. In order to address the deficit, a new Recovery Plan was agreed for the Institution to pay an annual contribution level of £320,000 a year, increasing in line with CPI, from 1 February 2022 to 31 July 2032.

The results of the valuation are updated by an independent qualified actuary on an annual basis allowing for cashflows in and out of the Scheme and for changes to assumptions over that period.

The Institution has also provided additional security to the Scheme by way of a charge of £500,000 on the freehold property in Rugby. The security agreement to put the charge in place was submitted to the Land Registry in March 2017.

Administrative and other expenses of the Scheme are payable separately by the Institution.

The principal assumptions used to calculate Scheme liabilities include:

	2022	2021
	%	%
Discount rate	4.70% pa	1.80% pa
Inflation (RPI)	3.40% pa	3.50% pa
Inflation (CPI)	3.00% pa	3.10% pa
Pension increase (LP15)	2.90% pa	3.00% pa
Post-retirement mortality	90% of 'S3NA' tables with CMI 2020 projections and a long-term rate of improvement of 1.25% pa. The initial addition is 0.25% p.a. and the 2020 weight parameter is 0%	90% of 'S3NA' tables with CMI 2020 projections and a long-term rate of improvement of 1.25% pa. The initial addition is 0.25% p.a. and the 2020 weight parameter is 0%
Commutation	All members are assumed to take 25% of their pension as tax-free cash	All members are assumed to take 25% of their pension as tax-free cash

21 Pension scheme (continued)

The major categories of assets are as follows:

Asset category	2022 £000	2021 £000
Liability Driven Investment (LDI)	3,470	3,784
Multi-asset Funds	3,562	6,830
Cash	34	80
Total	7,066	10,694

The return on the Scheme's assets (net of investment manager expenses) over the period to the Review Date was approximately 2.6%.

Amounts recognised in the balance sheet:

	2022 £000	2021 £000
Fair value of assets	7,066	10,694
Present value of funded obligations	(9,987)	(15,218)
(Deficit) in scheme	(2,921)	(4,524)

Amounts recognised in the statement of financial activities over the year:

	2022 £000	2021 £000
Interest on liabilities	270	203
Interest on assets	(191)	(131)
Total	79	72

Remeasurements over the year:

	2022 £000	2021 £000
Loss / (gain) on assets in excess of interest	3,643	(141)
Experience losses / (gains) on liabilities	459	(264)
Losses / (gains) from changes to demographic assumptions	-	53
(Gains) / losses from changes to financial assumptions	(5,468)	(839)
Total	(1,366)	(1,191)

21 Pension scheme (continued)

The change in the value of the assets over the period was:

	2022 £000	2021 £000
Fair value of assets at beginning of period	10,694	10,486
Interest on assets	191	131
Institution contributions	316	276
Benefits paid	(492)	(340)
Return on assets less interest	(3,643)	141
Value of assets at end of period	7,066	10,694

The change in the value of the defined benefit liabilities over the period was:

	2022 £000	2021 £000
Value of liabilities at beginning of the period	15,218	16,405
Past service cost	-	-
Interest on liabilities	270	203
Benefits paid	(492)	(340)
Experience loss / (gain) on liabilities	459	(264)
Changes to demographic assumptions	-	53
Changes to financial assumptions	(5,468)	(839)
Value of liabilities at end of the period	9,987	15,218

	2022 £000	2021 £000
Actuarial gains / (losses)	1,366	1,191

The annual contribution level for the period 1 February 2022 to 31 January 2023 will be increased by CPI inflation of 10.5% in line with the Recovery Plan from £320,000 to £353,600.

THE INSTITUTION OF CHEMICAL ENGINEERS

England & Wales - Charity number 214379

Accounts

Institution of Chemical Engineers

Annual Report and Consolidated
Financial Statements
for the year ended 31 December 2021

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Trustees' Report

The Board of Trustees is pleased to present its annual report together with the financial statements of the charity and its subsidiaries for the year ended 31 December 2021.

The financial statements comply with the *Charities Act 2011* and *Accounting and Reporting by Charities: Statement of Recommended Practice* applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Reference and Administrative Details

The Institution of Chemical Engineers (IChemE) is a registered Charity in England and Wales (charity number 214379) and a charity registered in Scotland (SC039661).

Principal Office

Davis Building, Railway Terrace, Rugby, Warwickshire, CV21 3HQ

Auditors

RSM UK Audit LLP, St Philips Point, Temple Row, Birmingham, B2 5AF

Main Bankers

NatWest Bank Plc, Silbury House, 300 Silbury Boulevard, Milton Keynes, MK9 2ZF

Solicitors

Mills & Reeve, 100 Hills Road, Cambridge, CB2 1PH

Investment Managers

Rathbone Investment Management Limited, 8 Finsbury Circus, London, EC2M 7AZ
Ruffer LLP, 80 Victoria Street, London, SW1E 5JL

Trustees

The Trustees serving through the year were as follows:

1 January 2021 – 14 June 2021

Prof SM Richardson
Ms LJ Cutler
Mr KJ Rivers
Mr IJ Martin
Mr AB Just
Prof J Glassey
Mr THL White
Prof PJ Ashman
Mrs JV Atkinson
Mrs MD Isles-Ahite
Eur Ing KC Plumb
Mr DM Sutton
Mrs WJ Wilson

From 14 June 2021

Ms LJ Cutler
Prof SM Richardson
Prof IDL Bogle
Mr IJ Martin
Dr RJ Best
Ms AL Meldrum
Mrs A Hosey
Prof PJ Ashman
Mrs JV Atkinson
Mrs MD Isles-Ahite
Mr DM Sutton
Mrs WJ Wilson

Chief Executive

Mr JL Prichard

Senior Management Team

Ms J Downham: Director, Finance & Business
Mrs C Flavell-While: Director, Learned Society
Mr A Foster: Director, Regions (from September 2021)
Ms P Kerin: Director, IChemE Safety Centre
Mr D Lloyd-Roach: Director, Qualifications
Mr P Slane: Director, Regions (to July 2021)

Objectives and activities for the public benefit

The Institution of Chemical Engineers (IChemE) is an internationally recognised professional body committed to advancing the contribution of chemical engineering for the benefit of society.

In support of this core purpose, we promote a wide awareness of the role of chemical engineering. We develop, maintain, and administer standards of professionalism, education, safety and engineering practice. We work to attract a broad range of talent from diverse backgrounds into the discipline, and we inspire early career professionals to develop their competence to ensure that society is protected from harm.

We assess applicants for membership and professional registration through a rigorous peer review process thereby promoting professional development and competence in all those who enter the profession.

By promoting high standards, we encourage chemical engineers to deliver economic benefit and wellbeing without causing harm to society or the planet.

Through the knowledge and expertise of our members we inform policy development and advance the practice of chemical engineering. We recognise and celebrate excellence; we undertake informed advocacy on behalf of chemical engineering and chemical engineers; and share the message that chemical engineering matters.

The object of the Institution as set out in the Royal Charter is:

to promote, foster and develop the general advancement of the art and science of chemical engineering in all its branches as an end in itself and as a means of furthering, in a responsible manner, both the scientific and economic development and the application of sustainable processes in which chemical and physical changes of matter and energy are involved and to promote, assist, finance and support such research, investigation and experimental work in chemical engineering as the Institution may consider likely to help bring about or contribute to those ends and to the benefit of the global community now and in the future.

The powers vested in the Institution to achieve these objects are:

- To hold meetings of the Institution for reading and discussing papers and communications bearing upon the science of chemical engineering or the application thereof or upon subjects relating thereto and generally to advance knowledge of chemical engineering.
- To print, publish, sell, lend, or distribute the proceedings or the reports of the Institution or any papers, communications, works or treatises on chemical engineering or its application or subjects connected therewith in the English or any foreign tongue or any abstracts thereof or extracts therefrom.
- To co-operate with Government Departments, Universities, other Educational Institutions, and public educational authorities for the furtherance of knowledge of and education in chemical engineering, science or practice.
- To publish statements in the public interest for the education or information of the general public on matters involving the science or application of chemical engineering.
- To hold or prescribe examinations or other assessments for candidates for election to Voting and Non-Voting membership and by requiring standards of knowledge and experience approved by the Institution.
- To maintain, under licence from the Engineering Council (UK) or the Science Council, or any other successor organisations, or any other appropriate organisations, such Register, or parts thereof, as refer to relevant Chartered Practitioner status or to relevant Technician or other status.
- To co-operate with any other organisations to advance the cause of chemical engineering or for economic purposes related thereto.
- To do all other things incidental or conducive to the attainment of the above objects or any of them.

Our strategy

Strategy 2024 sets out IChemE's enduring purpose to advance the contribution of chemical engineering worldwide for the benefit of society; and its vision being to be led by members, supporting members, and serving society. We will have realised this vision and fulfilled our purpose if we achieve four key aims by 2024. They are:

- ***Respected for professionalism and technical competence***

IChemE will continue to set and uphold professional standards, offering routes to recognized qualifications for all chemical engineers who should be qualified. The Institution will encourage and champion professional development and apprenticeship opportunities to meet existing and future demand. This will be supported by an increase in, and enhancement of, external organisational partnerships.

- ***Recognised as a vibrant learned society that addresses the Global Grand Challenges***

This will be achieved by developing insight and opinion and by working alongside other professions to provide a collective voice on joint issues. Showing technical leadership by engaging with governments and other global bodies to inform policy/decision-making is vital. By using new technology and platforms, the Institution can engage and empower members to spread technical expertise across geographies, special interests and with peers and partners – helping them to adapt to (and influence) current and future societal challenges.

- ***Acknowledged as an Institution of choice in which an engaged membership receives and adds value***

Improving societal understanding of the history of chemical engineering, as well as its contribution to tackling the *Grand Challenges for Engineering* and the *United Nations Sustainable Development Goals*, is a key role for chemical engineers and helps to inspire the next generation of engineers. Just as important is properly communicating the value proposition of IChemE to existing members, tailoring engagement carefully, depending on their career stage and ambitions. A more engaged membership adds value back into the Institution, creating greater value for society and for all prospective and current members.

- ***Known as a high-performing organisation delivering significant value***

Embracing digitalisation will be key, creating a platform which is befitting of a modern professional body with a dispersed membership, as it allows instantaneous transfer of knowledge and skills, regardless of geography. To support this, a streamlined business architecture and measures to ensure financial sustainability will also be introduced.

Public Benefit

The Institution works to fulfil these goals on an international scale, reflecting the geographical spread of its membership and of the wider chemical engineering profession. It brings benefits to the public and society by promoting high standards of engineering competence, professional ethics, safety, and sustainability, thus enabling industry and society to receive the benefit from a competent profession and its practitioners.

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Institution's aims and objectives and in planning its future activities.

Achievements and performance

Overall, 2021 was a year in which IChemE concluded a number of long running business change programmes that will provide the foundations for future success. At a headline level, this included: simplifying and broadening of the qualifications processes thereby ensuring that the Institution can welcome into membership, chemical engineers working in fields beyond those traditionally associated with the profession; and implementing a number of technical solutions that update and upgrade the Institution's information systems. These changes, particularly those relating to technical solutions, will also underpin the Institution's ability to provide targeted and focused knowledge products and services to those who need them most, whether it is members engaged in reducing society's impact on the planet or those improving the health and well-being of the global population.

2021 also illustrated that remote working is here to stay with another year of covid restrictions necessitating virtual operations, further highlighting the importance of IChemE's investment in digital solutions which enabled both staff and members to engage efficiently and effectively with colleagues and peers. The Institution continued to align business planning to the aims stated within Strategy 2024, making demonstrable progress across all four aims, as highlighted below.

Aim 1: Respected for professionalism and technical competence

IChemE's focus remained on setting and upholding standards, while supporting professional and technical competence. 2021 saw the implementation of the three-stage membership application process for Chartered status which was introduced to offer flexible routes to professional qualification.

Stage 3: Professional Review was introduced in April 2021, with Stage 1: Educational Base and Stage 2: Initial Professional Development (IPD) following in September 2021. A phased roll-out of the new process caused the number of applications processed in the first half of the year to be lower than in 2020, however the number of applications processed in the second half of the year increased rapidly once the new process had been fully established. A new membership application portal was launched which enabled all grades of membership applications to be inputted into one system, providing a more efficient application process for members.

As part of the new membership application process, the Individual Case Procedure (ICP) route was introduced for Stage 1 to provide a flexible route to Chartered membership for those with a non-accredited degree in Chemical Engineering. A working group was set up and began developing an ICP route for Professional Process Safety Engineer (PPSE) status.

To support the new membership application process, the roles of volunteers required to peer-review applications have changed significantly. The previous roles of assessor and interviewer were combined into one Professional Reviewer role. More volunteers have been recruited as well as retraining offered for current volunteers.

Mentor training to support members through their application for Chartered membership was enhanced with 10 workshops delivered for new mentors and resources added to the website.

IChemE successfully undertook licence reviews with the Engineering Council, Science Council, Society for the Environment and the Energy Savings and Opportunity Scheme. These reviews are undertaken every five years and allow IChemE to continue to offer the professional registrations these regulators control.

The Institution continued to support universities and training providers by accrediting educational programmes and fostering and promoting good practice.

Eight university accreditation visits took place internationally, which, due to Covid-19 restrictions, had to be carried out virtually. The University of Greenwich, UK, and Queen Mary University of London, UK, achieved accreditation of their programmes for the first time. Two benchmarking visits were undertaken at Brunel University, UK, and Canterbury Christ Church University, UK.

Guidance for education providers seeking IChemE accreditation of chemical engineering programmes was updated in line with revised standards from the Engineering Council. Consultation on IChemE's updated guidance was undertaken widely and the final version was published in November 2021. New guidance for the Accreditation of MSc (or equivalent) Process Safety Programmes was also published in November 2021.

Senior leaders at IChemE and BOC gathered online to present the industrial, medical and special gases supplier with their Bronze Corporate Partner Award recognising the company's commitment to its chemical engineers' professional development.

As pledged in Strategy 2024, IChemE has continued to champion members' Continuing Professional Development (CPD) by providing and recognising learning opportunities. Members voted to amend By-law 39 in relation to CPD which granted the Board of Trustees the authority to remove those failing to comply with IChemE's CPD requirements from the Register of Members.

Members were supported with their CPD through the delivery of in-company, online and on-demand training courses. More than 70 live online training courses were delivered across different time zones to over 700 delegates. Over 40 in-company training courses were delivered to a diverse customer base including clients in the chemical, mining, utilities and construction sectors, as well as regulators and universities.

At the end of 2021, IChemE's headline membership figure exceeded 30,000 with 39% being professionally qualified.

Aim 2: Recognised as a vibrant learned society that materially impacts on the Global Grand Challenges

To achieve IChemE's ambition to be a vibrant learned society that materially impacts on global challenges, a focus for 2021 was further embedding the Learned Society Committee's priority topics. Three priority topics were identified in 2020 to prioritise activity within the learned society: responsible production; major hazards management; and digitalisation.

Following the launch of IChemE's position on climate change in 2020, 2021 saw the creation of a working group responsible for directing and monitoring progress to ensure that the Institution delivers on the commitments contained within the statement. IChemE published eleven climate change action plans, which were produced by IChemE's regional and special interest groups demonstrating how IChemE and its members can contribute to the transition to a net zero world.

One of the commitments within IChemE's position on climate change was to develop plans which enable the Institution to achieve net zero carbon emissions from direct operations globally by 2025. A working group was formed to determine how to achieve this and the criteria for measurement.

To demonstrate how chemical engineers are addressing the climate challenge, IChemE launched a campaign to target delegates and policy makers at the 2021 United Nations Climate Change Conference of the Parties (more commonly known as COP26) in Glasgow, UK. Members and staff attended the conference and presented at sessions on climate engineering solutions, a just transition and national energy scenarios. *The Chemical Engineer* provided live updates from the conference and members shared their experiences in the social media video campaign 'I am a chemical engineer who is working to address climate change' with the #ChemEngatCOP26 campaign gaining 136,490 social media impressions.

At the start of the year, IChemE received a generous donation from former IChemE President, Ian Shott. The donation was made to help IChemE promote the role that every chemical engineer can play in delivering sustainable solutions to societal challenges as described in the UN Sustainable Development Goals (SDGs). The donation has been used to develop the IChemE Sustainability Hub which will provide free training modules for all members in 2022.

During the year IChemE produced, contributed to, or endorsed 11 policy reports. The *Designing infection-resilient environments* report was discussed by the Cabinet Office, Covid Task Force and the Department for Levelling Up, Housing and Communities in the UK, while the report *Decarbonising Construction* received widespread media coverage across the UK.

IChemE's UK policy work has continued to benefit from the Institution's active engagement with the National Engineering Policy Centre, which has established itself as a hub for developing and disseminating engineering policy advice by working collaboratively with a cross section of the 39 licenced professional engineering institutions in the UK.

Established to enable chemical engineers to inform the work of UK Members of Parliament (MPs) and policy makers, IChemE member Amber Keegan was awarded this year's Ashok Kumar Fellowship which, in partnership with the Materials Processing Institute, funds a three-month placement with the UK Parliamentary Office for Science and Technology, where she will contribute to an area of public policy.

2021 saw the creation of IChemE's first Communities of Practice (CoP) with interested members encouraged to join. The Energy CoP and Research & Innovation CoP both succeeded previously existing groups, namely the Energy Centre and several geographically focused research committees. The CoPs cover broad topic areas with the objective of producing outputs targeted at informing or influencing external audiences.

Two new journals were launched in 2021. Digital Chemical Engineering provides a platform for publishing new interdisciplinary research across the domains of chemical engineering and digital sciences and technologies. *Carbon Capture, Science and Technology (CCST)* provides an important platform for the publication of research countering some of the challenges identified in IChemE's published position statement on climate change.

All IChemE journals saw a rise in their Impact Factor, a quantitative measure of a journal in relation to its competitors. The seven wholly owned IChemE journals were supported by 276 volunteer editors from across 46 countries. The number of papers published in these IChemE journals in 2021 was 1,649, an increase of 68% in the last 5 years. The number of manuscripts submitted was 10,366, an increase of 138% in the same period.

The Chemical Engineer magazine published articles in line with IChemE's three priority topics with input from a wide spectrum of volunteers. For the responsible production priority topic, these included [the future of the oil and gas industry](#); [zero carbon electricity](#); [decarbonization of end uses](#); and [materials utilisation](#); as well as a [series on technologies being developed to help tackle the climate crisis](#). For the major hazards management topic, a series of six articles [on safety lessons we can learn from the movies](#) was published. Two articles outlining [how chemical engineers can help improve digital security](#) and [how cloud computing impacts chemical engineering](#) kicked off a series on digitalisation.

Following the provision of free access to the *Loss Prevention Bulletin* (LPB) for all members, page views increased by 77% to 62,471 in 2021 from 2020. A special edition of LPB was published to mark the 10th anniversary of the Fukushima Daiichi Nuclear Power Plant failure in Japan. The special issue also considers other natural hazards leading to technological (Natech) events.

Members from IChemE's process safety community compiled a book showcasing the works of process safety pioneer Trevor Kletz which contain new case studies and insights into latest practices. In partnership with Elsevier, the *Trevor Kletz Compendium: His Process Safety Wisdom Updated for a New Generation* was published covering topics that Kletz identified as the most important to process safety.

Members were able to access over 300 resources, including 25 new technical textbooks, via Knovel, the online resource for books, technical information, interactive equations and analytical tools - with titles added in 2021 including new publications on digitalisation, major hazards management and clean energy.

To showcase chemical engineering research and its impact on society in energy, education, environmental sustainability, water, healthcare and food technology, members in Australia and New Zealand collated contributions from leading researchers for a new [Chemical Engineering Impact booklet](#) – the third in the series to focus on research in the southern hemisphere.

To encourage knowledge transfer, the IChemE Safety Centre (ISC) published five guidance documents throughout the year on permits to work, good practice in virtual Hazard and Operability Study (HAZOP), undergraduate engineering education, delta HAZOP and alarm rationalisation. The IChemE Safety Centre (ISC) delivered 11 technical webinars and recorded a series of process safety podcasts in collaboration with *Chemical Processing* magazine which saw 36% more downloads than 2020 with the top rating podcast being *Lessons learned from the Fukushima Disaster, 10 years on*.

The ISC's social media campaign #MinuteToLearn shares one-minute videos of incidents and related learnings on their anniversaries. Fifty-two videos gained over 2,600 YouTube views during the year.

Knowledge-sharing and supporting CPD continued at the *Hazards 31* conference which was delivered online in November with 230 delegates attending. More than 80 technical presentations were given to process safety and loss prevention professionals showcasing good practice, new approaches and lessons learned. Plenary speaker highlights included Simon Wood from the UK Petroleum Industries Association discussing how the downstream oil sector responded to COVID-19, Peter Baker from the British Health and Safety Executive on what the chemical and process industries can learn from the building sector, and Atula Abeysekera from Imperial College London on managing 'black swan risks'.

Technical knowledge was also shared with over 250 registered delegates attending the virtual *Chemeca 2021* conference in September and with attendees of the *Advances in Digitalisation of the Process Industries* conference in October.

Simon Freakley, Alexander O'Malley and Jack Williams were awarded the Andrew Fellowship. Established in 2012 the Andrew Fellowship commemorates the work of IChemE Fellow Syd Andrew and supports advances in the field of catalysis. The chemical engineering researchers were awarded the fellowship to develop new catalysts, materials that speed up chemical reactions needed to produce the everyday products and fuels that society relies upon.

Prof Stephen Richardson, Past President of IChemE, and Honorary Fellow Dame Sue Ion were invited to give evidence to a UK House of Lords Select Committee. They were invited to give evidence to the Risk Assessment and Risk Planning Committee regarding the resilience and risks within the oil and gas and nuclear sectors.

Aim 3: Acknowledged as a peer-group leader in which an engaged membership receives and adds value

IChemE continued its activities to strengthen member engagement, support the member lifecycle and improve understanding of the profession.

75 members across the world joined IChemE's virtual Annual General Meeting in June, 60 of whom were voting members. A new Deputy President, three Vice Presidents and three Ordinary Trustees were elected and participated in activities to shape the strategic direction of the Institution. In addition, eight members were elected to Congress, the advisory body to the Board of Trustees.

Given IChemE's focus on member engagement as part of *Strategy 2024*, a new Trustee role of Vice President Member Engagement replaced the Vice President Regions role. A Member Engagement Committee was also formed to replace the former Regions Committee, to support this work.

Jane Cutler was inaugurated as the 80th President of the Institution, delivering her Presidential Address from the University of Western Australia in Perth, the first such address to be hosted in Australia. Members and chemical engineering students attended the live event with many other members and invited guests watching the Address online. Entitled *IChemE: Relevant in a Changing World*, the Address focused on the need for chemical engineers to adapt and respond to the opportunities and challenges presented by the changing world. Ahead of IChemE's 100-year anniversary in 2022, Cutler pledged to build on the work of her predecessors to ensure the Institution delivers *Strategy 2024* and remains relevant, contemporary and aligned with its Royal Charter.

Over 70 volunteers finalised plans for marking IChemE's centenary in 2022 including the development of a new centenary website (www.chemengevolution.org), designed to celebrate 100 years of chemical engineering's contribution to society. The team also developed a schedule for a series of centenary webinars to look at how chemical engineers will help to address global challenges over the next 100 years.

Over 2,800 members participated in the member engagement survey with a good representation across all membership grades. Key themes identified by members as priorities include the importance of IChemE fulfilling its role as a qualifying body and maintaining alignment to *Strategy 2024*.

The majority of members groups' and special interest groups' activities remained virtual which enabled members across the world to access networking and knowledge sharing opportunities. More than 19,000 people attended 269 technical webinars with over 800 people attending a webinar on hydrogen safety challenges run by the Safety and Loss Prevention Special Interest Group. Twenty-six On Campus presentations were delivered and were well received by the undergraduate community.

To enable knowledge sharing and networking between members groups and special interest groups, new tools have been introduced, including a Microsoft SharePoint-based collaborative platform.

To support members at an early career stage and those looking for career development, IChemE held a virtual careers fair over two days which was attended by 291 people. The Institution also hosted a series of eight Industry Insight webinars where members shared their career experiences across different UK regions and sectors.

A suite of careers resources was also released to highlight the broad range of careers available to chemical engineers and provide information for anyone considering transitioning to a new sector. With over 5,000 views by the end of the year, a video series featuring graduate engineers through to senior executives sharing their career journeys through different sectors was also produced.

The Chemical Engineer published feature articles which involved direct feedback from the community. For example, students and educators were surveyed and interviewed to understand how chemical engineering courses have responded to the pandemic.

Engagement activities to support the development of chemical engineers in the workplace continued through working with employers on corporate partner programmes and Accredited Company Training Schemes (ACTS).

The volunteer area of the IChemE website was further developed alongside regular member communications featuring a variety of volunteering opportunities across all areas including Professional Reviewer, members groups' roles and special interest group task forces.

To improve societal understanding of chemical engineering, six IChemE members featured as experts in the second television series of *Disasters Engineered* on the National Geographic channel. Zsuzsanna Gyenes, Dame Judith Hackitt, Fiona Macleod, Geoffrey Maitland, Ken Patterson and Stephen Richardson shared their technical accounts and lessons that process safety and hazardous industry professionals have learned from several of the incidents in the 10-part series.

Engaging with members and sharing knowledge via the Institution's social media platforms, including LinkedIn, Twitter, Facebook and Instagram, led to IChemE's posts being seen over 2.76m times as well as over 38,000 views of YouTube video content.

Aim 4: Known as a high-performing organisation delivering significant value

In 2021 IChemE continued with projects to modernise legacy systems and business processes to facilitate resilient operations that deliver value and enable better connectivity for members.

Minor changes to the Institution's Royal Charter and By-laws to increase the relevance in modern times were approved by the membership at the 2021 AGM and subsequently received formal approval from the Privy Council in July.

With a focus on providing a business architecture and governance structure to deliver long-term member value, the Regions Committee was replaced with the Member Engagement Committee, chaired by the newly elected Vice President Member Engagement.

Peter Slane, Regions Director retired in July after nearly ten years with the Institution and was succeeded by Andrew Foster, a Chartered Chemical Engineer and Fellow of IChemE.

A review began into the subscription rates' structure with a policy for setting rates being introduced and incorporating a simplified approach to the subscription model which involved the standardisation of rates and the move to a single currency across all regions.

A new email marketing tool was introduced that is fully integrated with the Contact Relationship Management (CRM) system, reducing system complexity and GDPR risks. New risk management software was also introduced to streamline processes and draw effectiveness gains and IChemE implemented a digital telephony solution via the Teams platform that provides greater support for remote working.

The Institution has continued to extend the scope of the ISO9001 quality management system with the UK elements of the Regions department and the Marketing and Communications department becoming compliant in 2021. Documenting these additional team processes provides the framework for continuous improvement so that the needs and expectations of members and interested parties can continue to be met. IChemE remains committed to the ISO9001:2015 standard aiming to extend certification across the whole organisation in 2023.

After another year of continued change due to ongoing Covid-19 restrictions around the world, the Institution has regularly reviewed and updated health and safety measures and consulted with staff about the future ways of working that will allow the Institution to lock in the key benefits realised during the pandemic.

A staff survey was carried out in March with the intention to repeat this activity on an annual basis to provide staff with a key feedback channel. The promotion of resilience and wellbeing has remained a priority with a successful 'step in the right direction' campaign where staff were challenged to record 1,922 km during the months of May and June, this distance was chosen as a reminder of the year when the Institution was formed. Staff embraced the challenge and went on to achieve over 300% of the original target with some 6,000 km recorded.

The end of the year saw the launch of a Managers Masterclass training programme, a significant investment in personal development for the Institution's line management. This training will help to improve efficiency and performance across the organisation.

Plans for the future

The key activities to deliver against each of the strategic aims are set out as follows:

Aim 1: Respected for professionalism and technical competence

We will promote professional and technical competence by:

- accrediting educational programmes
- maintaining relevant qualifications
- assessing and promoting member competence
- supporting ongoing skills development

Aim 2: Recognised as a vibrant learned society that materially impacts on the Global Grand Challenges

We will advance Chemical Engineering by:

- developing an authoritative voice
- promoting innovation
- developing technical guidance and standards
- promoting good practice

Aim 3: Acknowledged as an Institution of choice in which an engaged membership receives and adds value

We will improve understanding and engagement by:

- promoting chemical engineering's contribution to society
- educating future generations
- promoting diversity and inclusion
- encouraging collaboration
- securing member engagement

Aim 4: Known as a high-performing organisation delivering significant value

We will enhance capability and performance by:

- embracing digitalisation
- optimising governance structures
- maintaining financial security
- developing organisational capability

Financial Review

The financial statements for the year ended 31 December 2021 are set out on pages 23 to 42.

The charity only financial statements incorporate the results of the UK and Australian branch.

The consolidated financial statements also include the results of the Institution's UK trading subsidiary, IChemE Ltd, and the charitable activities of the Institution's subsidiaries in Malaysia, New Zealand and Singapore.

Unrestricted funds

Total group income for the year was £7,886,000 (2020: £7,047,000). The principal sources of income were:

- Membership subscription and accreditation fees totalling £3,904,000 (2020: £3,939,000).
- Within the Learned Society activity, training courses generated income of £1,421,000 (2020: £889,000). In 2020, the training course activity, which had previously been offered predominantly as physical events, was severely impacted by the Covid-19 pandemic. The commercial team, together with the course directors, worked quickly to translate the physical events to online modules. During 2021, the majority of training activity remained as online modules, with new and additional courses being added. This resulted in a 60% increase in income, although this is still approximately 20% down on pre-pandemic levels.
- Income from journals and publications was £1,585,000 (2020: £1,071,000). This included a one-off signing bonus of £350,000 secured as part of the renewal of the journals publishing contract with Elsevier. A further £207,000 (2020: £199,000) was received from conferences, seminars and events, which continued to be held virtually due to the pandemic.
- Income from the Institution's knowledge communities, which includes company subscriptions to the IChemE Safety Centre and Special Interest Group activity was £365,000 (2020: £317,000). Other income, generated from collaboration with other entities, was £7,000 (2020: £7,000).
- In 2020, funding from various government support schemes in response to the Covid-19 pandemic was available to the Institution and some of this support continued into the first half of 2021. In the UK, a total of £6,000 (2020: £72,000) was claimed from the UK government's Coronavirus Job Retention Scheme. A further £110,000 (2020: £114,000) was available from the local government support schemes for the staff and offices based in Australia, and Malaysia. The total funding of £116,000 (2020: £186,000) is shown as income on the Statement of Financial Activities under the heading 'exceptional government funding'.
- The income of the Institution's trading subsidiary IChemE Ltd, which is generated mainly through the sale of advertising space in the Institution's magazine, was £190,000 (2020: £155,000).
- A final payment of £26,000 (2020: £230,000) was received from the legacy notified to the Institution in December 2017. There were no other donations or legacies received as unrestricted funds in 2021 (2020: £nil).
- Dividends and interest on the Institution's investment portfolio was £65,000 (2020: £54,000).

Total group expenditure for the year was £7,273,000 (2020: £6,927,000).

Total group expenditure includes the costs of the IT Transformation Programme of £335,000 (2020: £321,000) which was funded from designated funds. The first phase of the IT Transformation Programme, which started in 2019, was completed in 2021 with the implementation of the new finance system, roll out of the new member application system, and de-commissioning of the on-premises servers. The second phase of work under the Future Institution Transformation Programme (FIT Phase 2) will continue in 2022 to enhance the core operating systems to drive efficiency and continuous improvement. A new designated fund of £500,000 was set aside for FIT Phase 2 at the end of 2020 and at the Board of Trustees' meeting in January 2022 it was agreed to add a further £350,000 to the fund.

Details of the designated funds are set out in note 16 to the financial statements.

Overall expenditure increased by 5% compared to 2020, however, this was lower than anticipated and remains approximately 6% behind pre-pandemic levels. The continued lower cost base is a result of running the training courses, conferences and events virtually, and holding the trustee and committee meetings online. Although it is expected that some activity will go back to physical meetings in 2022, the Board of Trustees want to ensure that the benefits realised over the last two years continue, especially where it has resulted in opportunities for increased inclusivity.

The Institution's wholly owned trading subsidiary, IChemE Ltd, achieved an operating profit of £125,000 (2020: £82,000), which has been gift aided to the Institution. The results of the UK trading subsidiary and of the subsidiary undertakings in Malaysia, New Zealand and Singapore are set out in note 2 to the financial statements.

A new private limited company was established in Malaysia in October 2020, IChemE Malaysia Sdn Bhd, which started operating with effect from 1 January 2021. The company was set up to replace the Malaysian not-for profit registered society, which was subsequently wound up in October 2021 with any remaining assets being transferred to the company.

Overall net income before gains on investments funds, was £613,000 (2020: £120,000). Gains on investments for the year were £576,000 (2020: £367,000) resulting in an overall net income of £1,189,000 (2020: £487,000).

After the other recognised gains or losses; actuarial gain on the defined benefit pension scheme of £1,191,000 (2020: loss £1,316,000); as well as exchange losses on the retranslation of the balance sheets of the foreign branches and subsidiaries of £110,000 (2020: gain £136,000), the unrestricted fund balance at year end increased by £2,270,000 (2020: decreased by £693,000) to £3,256,000 (2020: £986,000).

Restricted funds

Restricted funds are income funds that can only be used for specific purposes which have been specified by the donor, or by the terms applied to an appeal for funds.

In March 2021, the Institution received a donation of £200,000 from one of its members and former IChemE President Mr Ian Shott, who wanted to support the development of sustainability knowledge for chemical engineers. A programme of work began in May 2021 to create the Sustainability Hub, with a vision to create and deliver a sustainability knowledge resource. The Sustainability Hub was formally launched in February 2022, and additional training and content will continue to be developed throughout the year. The donation and reclaimed gift-aid of £50,000 has been recognised in restricted funds in 2021.

The net income on restricted funds for 2021 was £75,000 (2020: net expenditure £66,000). The total restricted fund balance at year end was £1,314,000 (2020: £1,239,000).

The movement in restricted income funds is set out in note 15 to the financial statements.

Investment policy and powers

The investment policy adopted by the Trustees is to achieve a target return of CPI + 3% over a 5-year rolling basis and over a rolling 3-year period to achieve a minimum return of CPI. The Institution's investment objective remains to achieve long term capital growth with income.

The investment portfolio is split between Rathbones Investment Management Limited and Ruffer LLP. Both organisations are working to this investment policy and apply their individual judgement for asset allocation and investment selection to achieve the investment objective.

During the year, the investment funds received £65,000 (2020: £54,000) in interest and dividends, and incurred management fees of £64,000 (2020: £55,000). The funds generated unrealised gains of £576,000 (2020: £367,000). The total return for the year, taking into account all income, management fees and market value movements, was an increase of 9.5% (2020: 6.4%).

No disinvestments were made from the funds in 2021 (2020: £nil). All income received during the year has been re-invested.

The Institution's investments are recorded at market value. The market value of the investment portfolio at 31 December 2021 was £6,678,000 (2020: £6,090,000). The gains and losses on revaluation have been recognised in the Statement of Financial Activities.

Investments are held in accordance with the By-laws of the Institution. The Trustees have the power to invest all monies not immediately required for operational activities as it sees fit and to appoint advisers to make such investments on its behalf.

IChemE continues to use the services of an independent financial advisor to review and monitor the investment portfolio. The performance of the funds was formally reviewed by the Finance & HR Committee throughout the year.

Reserves policy

The Finance and HR Committee reviews the Institution's reserves policy and level of reserves held on an annual basis. The Committee considers all relevant information including the three-year budget and business plan, the strategic plan and the risks identified in the risk register.

The current reserves policy adopted by the Trustees is to hold free reserves equivalent to the level of committed costs plus a margin of 10%. This level of reserves is considered appropriate to demonstrate appropriate financial management of the Institution and to ensure the financial stability of the Institution in periods where there is a short to medium term shortfall in operating income. For 2021, the level of reserves required to meet this policy was £3,700,000.

The level of unrestricted reserves freely available at the year-end was £6,559,000 (2020: £5,272,000).

The current level of reserves held is in excess of the policy. The Trustees are comfortable holding excess reserves due to:

- the investment required to meet Strategy 2024, some of which may require funding from reserves;
- the potential decline in the market value of the investment funds due to uncertainty in the investment market;
- to protect the Institution against fluctuating income levels;
- the defined benefit pension scheme liabilities could increase further with future years' triennial valuations;
- the current economic uncertainties.

Unrestricted free reserves exclude the designated fund of £500,000 (2020: £835,000), fixed asset reserves of £721,000 (2020: £798,000) and are stated before taking account of the pension-funding deficit of £4,524,000 (2020: £5,919,000) calculated under FRS 102. Due to the extremely long-term nature of the pension reserve, the unrestricted reserves freely available are considered a more appropriate measure.

Recognising the long-term nature of the liability, the Trustees are fully committed to the continuing support of the Defined Benefit Pension Scheme and working closely with the Pension Scheme Trustees when considering the triennial valuation results and in setting any recovery plan to eliminate the deficit in the Scheme. The contributions paid into the Scheme are included in the Institution's annual budgeting process to ensure, where possible, they are covered from operational activity rather than drawn down from reserves. The Trustees also work closely with the Pension Scheme Trustees to look at ways that the Scheme could be de-risked further, having already been closed to new members and future accruals and having utilised a Liability Driven Investment structure.

Further information on the Defined Benefit Pension Scheme can be found in note 21 to the financial statements.

The total funds held at year end, after taking into account the pension-funding deficit, amounted to £4,570,000 (2020: £2,225,000). The total fund balance includes restricted funds of £1,314,000 (2020: £1,239,000).

The Trustees have considered the level of reserves held at year end and believes they are sufficient to protect it from serious disruption to its work.

Structure, Governance and Management

Governing Document

The Institution of Chemical Engineers was founded in 1922 and incorporated by Royal Charter in 1957.

The governing documents under which the Institution operates comprise the Royal Charter, as amended, the By-laws of the Institution, and Regulations made from time to time by the Board of Trustees, which is the Institution's governing body.

The Institution is a registered charity in England & Wales and a charity registered in Scotland.

Appointment of Trustees

The Board of Trustees are elected in accordance with the Royal Charter and By-laws and is comprised of the following roles:

- President
- Deputy President
- Immediate Past President
- Honorary Treasurer
- three Vice-Presidents
- three ordinary members
- two regional members

The Honorary Officers, consisting of the President, Deputy President, Immediate Past President and Honorary Treasurer, are elected annually. Those eligible for election as President shall be the Deputy President or, if in the opinion of the Board of Trustees special circumstances exist, a Fellow. The person eligible as Immediate Past President shall be the retiring President. Those eligible for Honorary Treasurer shall be as determined by the Nominations Committee.

The Vice-Presidents, ordinary members and regional members of the Board shall be elected for a term not exceeding three years nor less than one year.

Trustee induction and training

All new Trustees receive an induction pack including the By-laws and Regulations of the Institution, recent minutes of meetings, and the relevant Charity Commission publications outlining their roles and responsibilities as a Charity Trustee. An online induction programme takes place annually for all new Trustees, also available for existing Trustees, to get an oversight of the structure of the Institution and its activities.

Trustees have a legal duty to avoid conflicts of interest so that they can focus exclusively on the best interests of the Institution. The Institution maintains a register of interests, which is updated annually or when any changes are reported by Trustees. Procedures are in place for managing conflicts of interest that may arise during Trustee meetings.

Institution structure

The Board of Trustees is the governing body of the Institution and has ultimate responsibility for providing strategic direction and for ensuring that the charitable objects set out in the governing document are met. The Board of Trustees meets formally at least five times a year to review performance against these objects.

Congress is the representative advisory body serving as a link between the Institution's members and the Board of Trustees. Congress consists of up to forty members, all members of the Institution, who are nominated and elected by their peers from a functional or geographical college. The functional college consists of up to 15 representatives to broadly reflect the Institution's membership across the various grades. The regional college consists of up to 25 representatives to reflect the geographical footprint of the Institution's membership. Congress members are elected for a term of three years, renewable up to a maximum term of six years.

The Congress Steering Group is responsible for the oversight and facilitation of the conduct of Congress and the engagement of Congress members. The Steering Group consists of the Congress Chair, Vice-Chair, the Chief Executive and a designated Trustee lead.

Congress holds up to six sessions a year, which are held as online open forums each lasting up to thirty days. The agenda for the sessions is determined by the Chair of Congress in consultation with the Congress Steering Group.

The Chief Executive is appointed by the Board of Trustees and has delegated authority for the day-to-day operation of the Institution, its branches and subsidiary undertakings. The Chief Executive is supported by the Senior Management Team.

The Board of Trustees are the registered Trustees of IChemE's branch in Australia, which is registered with the Australian Charities and Not-for-profits Commission. The branch has a National Board to advise the Trustees on how IChemE's strategy can be delivered locally.

The Institution's operations in Malaysia, New Zealand and Singapore, each have their own National Boards operating under delegated authority from the Board of Trustees and in compliance with local regulatory requirements.

The Institution has a wholly owned trading subsidiary in the UK, IChemE Ltd, established to operate the sale of advertising space in the Institution's journals and publications. The company gift aids its taxable profits to the Institution.

In addition to Congress and the local National Boards, there are a number of standing Committees operating under delegated authority from the Board of Trustees which have been established to facilitate the operation of the charity. These consist of:

- Qualifications Committee
- Learned Society Committee
- Member Engagement Committee
- Governance Panel
- Finance & HR Committee
- Audit and Risk Committee
- Succession Planning Committee
- Nominations Committee
- Professional Conduct Pool
- Commercial Panel

The Terms of Reference, which include the delegated powers and membership of these Boards, Committees and Panels are set by the Board of Trustees and reviewed regularly.

The Institution also has an extensive network of National, Regional and Special Interest Groups enabling members to get involved in the Institution's activities. Each group has its own committee, made up of members of the Institution, who meet regularly throughout the year. The activities conducted by the Groups include technical meetings, continuing professional development, school liaison visits, and networking events.

Staff participation is encouraged at all levels in the making of decisions which affect the Institution's management and future development. Formal meetings are held to update all staff on the Institution's activities and other emerging issues.

Volunteers

All Trustees and the various members of boards, committees and panels give their time on a voluntary basis. The voluntary effort and contribution on the part of the members is at the heart of the Institution's success.

Fundraising

The Institution does not actively undertake any fundraising activities from the general public or use the services of professional fundraisers or commercial participators.

The Institution is not bound by any regulatory scheme and is not subject to any voluntary code of practice regulating fundraising.

No complaints have been received by the Institution in relation to fundraising activities.

Remuneration policy for key management personnel

The Institution considers its key management personnel to comprise the Board of Trustees, the Chief Executive and the Senior Management Team. All Trustees give their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses and related party transactions can be found in note 8 and 17 to the accounts.

The pay of the Chief Executive and Senior Management Team is set by the Finance & HR Committee in line with the Institution's Remuneration Policy.

The Institution is committed to ensuring that it pays its staff fairly and in a way which ensures it attracts and retains appropriately qualified staff to lead, manage, support and deliver the Institution's charitable objects.

The objective of the Policy is to ensure that the Chief Executive and staff team are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Institution.

The Committee secure professional advice where appropriate to establish appropriate benchmark levels for each position or group of positions. These benchmark rates are reviewed regularly. When inflation is relatively low this review may not be annual and so an interim inflationary adjustment to the benchmark salary level may be made.

The Institution does not employ interns without pay and it complies with the living wage for all staff.

In addition to financial remuneration, the Institution seeks to provide staff with a supportive working environment and wherever possible works to promote the wellbeing of staff and satisfactory work-life balance.

The appropriateness and relevance of the Remuneration Policy is reviewed annually by the Committee.

Risk management

The Trustees are responsible for overseeing risk management across the organisation and for maintaining a sound system of internal control that supports the achievement of its strategic aims and objectives. The Audit & Risk Committee is responsible for assessing the effectiveness of risk management and internal controls across the organisation, and for reviewing the Institution's risk policy on an annual basis.

A strategic and operational risk register is maintained by the Senior Management Team and is formally reviewed on a quarterly basis. A change risk register is overseen by the Future Institution Transformation (FIT) Board. The risk registers capture the types of risk internally and externally, prioritises them in terms of potential impact, likelihood and reputational impact, and identifies means of mitigating those risks or minimising the impact on the Institution should those risks materialise. Both the senior executive team and the FIT Board regularly review the classification of the risks and the effectiveness of the control measures. The Audit & Risk Committee regularly review the risk registers, concentrating on the significant strategic risks and their control measures.

The business planning and budgeting cycle is used to set objectives for the following three years, agree action plans, allocate resources, and to identify new risks or changes in existing risks or their control measures. Progress towards meeting the objectives and annual budget is monitored on a monthly basis by the Senior Management Team.

The Trustees receive an annual report from the Audit & Risk Committee highlighting the top strategic and operational risks. Key changes in risk items will also be reported to the Trustees as required.

During 2021, a new cloud-based risk management tool was implemented to help manage risks and embed effective risk management across the organisation. The highest rated strategic risks in 2021 which could impact the delivery of the strategy are listed below.

Risk	Control and Mitigation Measures
Insufficient volunteers to deliver our objects	Develop and deliver a cohesive and coherent approach to Volunteer Engagement and Volunteer Management; identify all volunteering roles, put in place process for succession planning, advertise all volunteering opportunities and put in place a mechanism to recognise our volunteers.
IChemE outputs or benefits are not valued by individuals and/or organisations	Run regular membership engagement survey with the services of an external research company to ensure appropriate and effective questioning, and to benchmark performance against other similar organisations. Run smaller consultations and surveys with targeted groups of members and other stakeholders. Develop better understanding of member engagement within our new CRM system.
We are not able to deliver on the agreed priorities aligned to the Strategy 2024	Gap analysis conducted on existing activities vs the aims of the strategy in 2021. Business case developed to address any gaps identified within the Future Institution Transformation Programme. Clear prioritisation has been undertaken and effectively communicated to staff, members and stakeholders.
Uncontrolled change impacts resourcing and business plan priorities	Business Plan sets out a detailed prioritisation framework for all essential and secondary activities, and is split between Business as Usual and Change activity. New Change proposals are evaluated by the FIT (Future Institution Transformation) Governance Board and new Business as Usual activities are evaluated by the Senior Management Team.
Governance structures do not provide leadership and decision making	Governance Panel established in 2020 to continuously review and update governing documents and committee structure. Continue with the roll out of the Business Architecture programme of work. Establish consistent model for project governance that conforms to best practice.

IChemE staff, members, volunteers do not support transformation	Develop as part of the Future Institution Transformation Programme (FIT Phase 2) a cohesive and coherent approach to Stakeholder communications that consistently makes the case for change.
Membership lacks diversity and growth	Run a full calendar of marketing communication activities to help existing members progress through a range of membership grades and to recruit new members. Increased focus on diversity through our volunteer engagement programme and the development of a formalised ED&I positioning statement.
Lose the ability to qualify members	Address any weaknesses in existing processes as part of the replacement Application System, then review further as part of the planned enhancements to this system to be delivered by Q2 2022. Close relationships and engagement with the Regulators to ensure ongoing compliance is fully understood.
Defined Benefit Pension Scheme becomes a disproportionate financial burden and/or unable to reach agreement with Pension Scheme Trustees on recovery plan	Latest triennial valuation carried out in 2021 and revised Recovery Plan agreed. Maintain regular dialogue with Pension Scheme Trustees. Demonstrate strength of employer covenant. Seek independent actuarial advice where necessary.

The Trustees are satisfied that reasonable steps are being taken to limit the probability and the impact of risk.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Charity 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 group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then applies them consistently.
- make judgements and estimates that are reasonable and prudent.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Institution will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 4 May 2022 and signed on its behalf by:



Ms LJ Cutler
President



Mr IJ Martin
Honorary Treasurer

Davis Building
165-189 Railway Terrace
Rugby
CV21 3HQ

Independent Auditor's Report to the Trustees of the Institution of Chemical Engineers

Opinion

We have audited the financial statements of the Institution of Chemical Engineers (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated and Charity Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated and Charity Cash Flow Statements 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 group's and parent charity's affairs as at 31 December 2021 and of the group's and parent charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

Basis for opinion

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 151 of the Charities Act 2011 and report in accordance with regulations made under those Acts.

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charity'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, 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 this gives rise to 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 19 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk 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 and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and parent charity operate in and how the group and parent charity are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS102), Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2011, the parent charity's governing document and tax legislation.

We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection Regulation (GDPR). We performed audit procedures to inquire of management and those charged with governance whether the group/charity is in compliance with these law and regulations and read minutes.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions, recognition date and transactions entered into outside the normal course of business, challenging judgments, estimates and timing applied to the recognition of income streams.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP

Statutory Auditor
St Philips Point
Temple Row
Birmingham
B2 5A

Date: 9 May 2022

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

Consolidated statement of financial activities for the year ended 31 December 2021

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000
INCOME							
Donations & legacies	3	26	250	276	230	-	230
Charitable activities:	4						
Qualifying Chemical Engineers		3,904	-	3,904	3,939	-	3,939
Operating a Learned Society for Chemical Engineers		3,585	20	3,605	2,483	20	2,503
Exceptional government funding		116	-	116	186	-	186
Other trading activities:							
Trading operations	2	190	-	190	155	-	155
Investments	5	65	-	65	54	-	54
TOTAL INCOME		7,886	270	8,156	7,047	20	7,067
EXPENDITURE ON							
Raising funds:							
Trading operations	2	(65)	-	(65)	(73)	-	(73)
Investment management costs		(64)	-	(64)	(55)	-	(55)
Charitable activities:	6						
Qualifying Chemical Engineers		(3,263)	-	(3,263)	(2,848)	-	(2,848)
Operating a Learned Society for Chemical Engineers		(3,881)	(195)	(4,076)	(3,951)	(86)	(4,037)
TOTAL EXPENDITURE		(7,273)	(195)	(7,468)	(6,927)	(86)	(7,013)
Net gains on investments	11	576	-	576	367	-	367
NET INCOME / (EXPENDITURE)		1,189	75	1,264	487	(66)	421
Other recognised gains / (losses):							
Actuarial gains / (losses) on defined benefit pension schemes	21	1,191	-	1,191	(1,316)	-	(1,316)
Exchange (losses) / gains arising from retranslation of foreign branches & subsidiaries		(110)	-	(110)	136	-	136
NET MOVEMENT IN FUNDS		2,270	75	2,345	(693)	(66)	(759)
Fund balances brought forward at 1 January		986	1,239	2,225	1,679	1,305	2,984
Fund balances carried forward at 31 December		3,256	1,314	4,570	986	1,239	2,225

The results relate to the continuing activities of the Institution. The group has no recognised gains or losses other than the net movement in funds for the year.

The notes on pages 27 to 42 form part of these financial statements.

Charity statement of financial activities for the year ended 31 December 2021

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000
INCOME							
Donations & legacies	3	26	250	276	230	-	230
Gift aid from subsidiary company	2	125	-	125	82	-	82
Charitable activities:	4						
Qualifying Chemical Engineers		3,903	-	3,903	3,794	-	3,794
Operating a Learned Society for Chemical Engineers		3,531	20	3,551	2,482	20	2,502
Exceptional government funding		116	-	116	179	-	179
Investments	5	65	-	65	54	-	54
TOTAL INCOME		7,766	270	8,036	6,821	20	6,841
EXPENDITURE ON							
Raising funds:							
Investment management costs		(63)	-	(63)	(55)	-	(55)
Charitable activities:	6						
Qualifying Chemical Engineers		(3,243)	-	(3,243)	(2,786)	-	(2,786)
Operating a Learned Society for Chemical Engineers		(3,802)	(195)	(3,997)	(3,894)	(86)	(3,980)
TOTAL EXPENDITURE		(7,108)	(195)	(7,303)	(6,735)	(86)	(6,821)
Net gains on investments	11	576	-	576	367	-	367
NET INCOME / (EXPENDITURE)		1,234	75	1,309	453	(66)	387
Other recognised gains / (losses):							
Actuarial gains / (losses) on defined benefit pension schemes	21	1,191	-	1,191	(1,316)	-	(1,316)
Exchange (losses) / gains arising from retranslation of foreign branches & subsidiaries		(103)	-	(103)	130	-	130
NET MOVEMENT IN FUNDS		2,322	75	2,397	(733)	(66)	(799)
Fund balances brought forward at 1 January		769	1,239	2,008	1,502	1,305	2,807
Fund balances carried forward at 31 December		3,091	1,314	4,405	769	1,239	2,008

Balance sheets at 31 December 2021

	Note	2021	Group 2020	2021	Charity 2020
		£000	£000	£000	£000
Fixed assets					
Tangible assets	10	721	798	721	798
Investments	11	6,678	6,090	6,678	6,090
		<u>7,399</u>	<u>6,888</u>	<u>7,399</u>	<u>6,888</u>
Current assets					
Debtors	12	873	666	892	739
Cash at bank and in hand		3,319	2,819	3,052	2,521
		<u>4,192</u>	<u>3,485</u>	<u>3,944</u>	<u>3,260</u>
Creditors: Amounts falling due within one year	13	<u>(2,497)</u>	<u>(2,229)</u>	<u>(2,414)</u>	<u>(2,221)</u>
Net current assets		<u>1,695</u>	<u>1,256</u>	<u>1,530</u>	<u>1,039</u>
		<u>9,094</u>	<u>8,144</u>	<u>8,929</u>	<u>7,927</u>
Pension scheme funding deficit	21	<u>(4,524)</u>	<u>(5,919)</u>	<u>(4,524)</u>	<u>(5,919)</u>
Total net assets after pension deficit		<u>4,570</u>	<u>2,225</u>	<u>4,405</u>	<u>2,008</u>
Income Funds					
Unrestricted funds					
General funds		7,280	6,070	7,115	5,853
Designated funds	16	500	835	500	835
Pension reserve	21	(4,524)	(5,919)	(4,524)	(5,919)
		<u>3,256</u>	<u>986</u>	<u>3,091</u>	<u>769</u>
Restricted funds	15	<u>1,314</u>	<u>1,239</u>	<u>1,314</u>	<u>1,239</u>
Total funds		<u>4,570</u>	<u>2,225</u>	<u>4,405</u>	<u>2,008</u>

These financial statements were approved by the Board of Trustees and authorised for issue on 4 May 2022.

Ms LJ Cutler
President

Mr IJ Martin
Honorary Treasurer

Consolidated cash flow statement for the year ended 31 December 2021

	<i>Note</i>	2021 £000	2020 £000
Cash flows from operating activities	<i>19</i>	563	(323)
Cash flows from investing activities:			
Dividends and interest from investments	<i>5</i>	65	54
Purchase of fixed asset investments	<i>11</i>	(65)	(54)
Net cash provided by / (used in) investing activities		-	-
Change in cash and cash equivalents in the reporting period		563	(323)
Cash and cash equivalents at the start of the reporting period		2,819	3,027
Change in cash and cash equivalents due to exchange rate movements		(63)	115
Cash and cash equivalents at the end of the reporting period		3,319	2,819

Charity cash flow statement for the year ended 31 December 2021

	<i>Note</i>	2021 £000	2020 £000
Cash flows from operating activities	<i>19</i>	545	(113)
Cash flows from investing activities:			
Dividends and interest from investments	<i>5</i>	65	54
Purchase of fixed asset investments	<i>11</i>	(65)	(54)
Net cash provided by / (used in) investing activities		-	-
Change in cash and cash equivalents in the reporting period		545	(113)
Cash and cash equivalents at the start of the reporting period		2,521	2,628
Change in cash and cash equivalents due to exchange rate movements		(14)	6
Cash and cash equivalents at the end of the reporting period		3,052	2,521

Notes forming part of the financial statements for the year ended 31 December 2021

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP (FRS 102)); and the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The financial statements are presented in Sterling (£) and are rounded to the nearest thousand pounds.

The Institution meets the definition of a public benefit entity as defined by FRS 102.

Preparation of the accounts on a going concern basis

The Trustees have assessed whether the use of a going concern basis is appropriate when preparing these financial statements and have concluded that there are no material uncertainties about the Institution's ability to continue as a going concern, and that the Institution has sufficient cash reserves to continue to meet its liabilities as they fall due.

In arriving at this decision, the Trustees have taken into account: the group's financial performance during 2021; the budgets and cashflow predictions for the next three-year period; and the level of free reserves held at year-end. The Trustees have also considered the potential impact of the current economic uncertainties on the Institution's finances.

The principal accounting policies adopted by the Institution are set out below:

Basis of consolidation

The financial statements consolidate the financial statements of the UK and Australian branch, its wholly owned UK trading subsidiary IChemE Ltd and its not-for-profit subsidiaries IChemE in Malaysia, IChemE in New Zealand and IChemE in Singapore Ltd, by virtue of the control exercised by the charity. The results of the subsidiaries are consolidated on a line-by-line basis. The results of the subsidiaries are summarised in note 2 of the financial statements.

Income

Income is recognised when the Institution has entitlement to the income, any performance conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Donations are recognised when the Institution has entitlement to the funds, it is probable that the income will be received, and the amount can be measured reliably. When donors specify that donations are to be used for a specific purpose, they will be included in income as a restricted fund when receivable.

Legacy gifts are recognised on a case-by-case basis following the granting of probate when the administrator of the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Subscriptions and events income are accounted for in the year to which they apply. Subscription income received during the year that relates to a subsequent financial accounting period is carried forward as a creditor in the balance sheet and shown as deferred income.

Interest and dividends on investments are accounted for when receivable.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal and constructive obligation committing the Institution to the expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

1 Accounting policies (continued)

All expenditure is included in the statement of financial activities on an accruals basis.

Expenditure is recorded net of value added tax unless irrecoverable.

All expenditure, including support costs, are allocated or apportioned to the applicable expenditure headings in the statement of financial activities.

Allocation of support and governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

Governance and support costs relating to charitable activities have been apportioned on the basis of staff costs associated with each activity. The allocation of support and governance costs is analysed in note 7.

Operating leases

Operating lease rentals are charged to the statement of financial activities on a straight-line basis over the terms of the lease.

Tangible fixed assets and depreciation

Fixed assets are recorded at cost or valuation, net of depreciation and any provision for impairment. Expenditure on individual fixed assets costing over £2,500 is capitalised.

Depreciation is charged on a straight-line basis to write off the cost or valuation less the estimated residual value of assets over their estimated useful lives as at the following rates:

Freehold buildings	-	5%
Leasehold buildings	-	20%
Office equipment	-	15%
Computer software	-	33%

Freehold land is not depreciated.

Freehold property at Rugby was valued on the basis of open fair value for their existing use by Chartered Surveyors in 1999. Depreciation is charged on the building element of property at Rugby at the rate of 5% per annum.

Investments

Fixed asset investments are initially recorded at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing bid price. The statement of financial activities includes the net gains or losses arising on revaluation and disposals throughout the year.

Realised gains or losses on investments are calculated as the difference between the sales proceeds and their fair value at 31 December (or historical cost if purchased within the year). Unrealised gains or losses are derived from the movement in fair values during the year.

The Institution does not acquire put options, derivatives or other complex financial instruments.

Fund accounting

The Institution has different types of funds which require separate disclosure. These are as follows:

▪ Restricted income funds

These are earmarked by the donor for specific purposes within the overall aims of the Institution. The income generated must be used in accordance with the specific purpose.

▪ Unrestricted funds

Unrestricted funds comprise funds which are expendable at the discretion of the Board of Trustees in connection with the objects of the Institution. Designated funds comprise unrestricted funds that have been set aside by the Trustee for a particular purpose.

Foreign exchange gains and losses

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken through the statement of financial activities.

1 Accounting policies (continued)

Pension costs

Employees of the charity are entitled to join a group personal pension plan. This is a defined contribution pension scheme with assets held in the names of the individual members. The charity contribution is restricted to the contributions disclosed in note 21. The costs of the defined contribution scheme are included within staff costs and are charged to the statement of financial activities in the year in which they become payable.

The charity also operates a defined benefit pension scheme. The scheme was closed to new members and future service accruals in 2006. The assets of the scheme are held separately from those of the Institution in an independently administered fund.

The difference between the fair value of the assets held in the defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the balance sheet as a pension asset or liability as appropriate. Changes in the defined pension scheme asset or liability arising from factors other than cash contribution by the Institution are charged to the Statement of Financial Activities in accordance with FRS 102.

Provisions

Provisions are recognised when the Institution has a present obligation, legal or constructive, as a result of a past event, it is probable that the Institution will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Financial instruments

Financial assets, other than fixed asset investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and underlying assumptions are continually reviewed.

The following are critical judgements that the Trustees have made in the process of applying the Institution's accounting policies:

- determining whether leases entered into by the group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 10). Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of these assets are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as life cycle and maintenance programmes are taken into account. Residual value assessments consider issues such as the remaining life of the asset and project disposal values.
- Trade debtors (see note 12). At each reporting date, trade debtors are assessed for recoverability. If there is any evidence of impairment, the carrying amount of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in the income statement.
- Pensions costs (see note 21). The defined benefit pension scheme obligations are based on actuarial assumptions such as discount rate, the expected rate of return on scheme assets, and mortality rates, which are extensively detailed in note 21.

2 Results of subsidiaries

The summary financial performance and position of the subsidiaries is shown below:

	IChemE Ltd	IChemE in Malaysia	IChemE in New Zealand	IChemE in Singapore Ltd	IChemE Malaysia Sdn Bhd	2021 Total	2020 Total
	£000	£000	£000	£000	£000	£000	£000
Income	190	5	-	-	89	284	309
Expenditure	(65)	(31)	(36)	14	(62)	(180)	(193)
Net Income / Expenditure	125	(26)	(36)	14	27	104	116
Amount gift aided to the Institution	(125)	-	-	-	-	(125)	(82)
Retained in subsidiary	-	(26)	(36)	14	27	(21)	34

Balance sheets

	IChemE Ltd	IChemE in Malaysia	IChemE in New Zealand	IChemE in Singapore Ltd	IChemE Malaysia Sdn Bhd	2021 Total	2020 Total
	£000	£000	£000	£000	£000	£000	£000
Fixed assets	-	-	-	-	-	-	-
Current assets	129	-	172	-	102	403	405
Current liabilities	(129)	-	(34)	-	(75)	(238)	(188)
Net current assets	-	-	138	-	27	165	217
Total net assets	-	-	138	-	27	165	217

IChemE Ltd (company number 2817128) is a company limited by shares, incorporated in the United Kingdom.

IChemE in New Zealand (society number 980425) is an incorporated society in New Zealand.

IChemE in Singapore Ltd (201523087E) is a company limited by guarantee in Singapore.

IChemE Malaysia Sdn Bhd (company number 1390908-U) is a company limited by shares, incorporated in Malaysia. The company, established in October 2020, was set up to replace the not-for-profit registered society IChemE in Malaysia (PPM-026-14-23111988). The company started operating with effect from 1 January 2021. The registered society was subsequently wound up in October 2021 with any remaining assets being transferred to the company.

3 Income from donations and legacies

Group and Charity	2021 £000	2020 £000
Donations (restricted fund)	250	-
Legacies	26	230
	276	230

4 Analysis of income from charitable activities

	Group		Charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
Qualifying Chemical Engineers:				
Membership subscription and accreditation fees	3,904	3,939	3,903	3,794
Operating a Learned Society for Chemical Engineers:				
Journals & publications	1,585	1,071	1,585	1,071
Knowledge communities	365	317	362	317
Conferences, seminars & events	207	199	201	198
Provision of training	1,421	889	1,376	889
Other income	7	7	7	7
Subscriptions to technical centres (restricted funds)	20	20	20	20
Exceptional government funding:				
Coronavirus Job Retention Scheme (UK)	6	72	6	72
Government wage subsidy schemes (non-UK)	110	114	110	107
	7,625	6,628	7,570	6,475

During 2021, the Institution was eligible to claim funding in the year from government support schemes in response to Covid-19. In the UK, 1 staff member was furloughed on a part-time basis for the first half of the year. Funding was also available from the local government support schemes for the entities in Australia and Malaysia.

5 Investment income

Group and Charity	2021	2020
	£000	£000
Interest receivable	15	2
Dividends receivable	50	52
	65	54

6 Analysis of expenditure on charitable activities

Group	Direct activity costs	Support costs	2021 Total	2020 Total
	£000	£000	£000	£000
Qualifying Chemical Engineers	2,079	1,184	3,263	2,848
Operating a Learned Society for Chemical Engineers	2,866	1,210	4,076	4,037
	4,945	2,394	7,339	6,885

Expenditure on charitable activities was £7,339,000 (2020: £6,885,000) of which £7,144,000 was unrestricted (2020: £6,799,000) and £195,000 was restricted (2020: £86,000).

Charity	Direct activity costs	Support costs	2021 Total	2020 Total
	£000	£000	£000	£000
Qualifying Chemical Engineers	2,100	1,143	3,243	2,786
Operating a Learned Society for Chemical Engineers	2,814	1,183	3,997	3,980
	4,914	2,326	7,240	6,766

6 Analysis of expenditure on charitable activities (continued)

Net income for the year is stated after charging / (crediting):

	Group		Charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
Depreciation	77	87	77	86
Operating leases:				
Plant and machinery	9	9	9	9
Land and buildings	75	61	61	44
Exchange rate differences	51	(96)	(18)	(42)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7 Analysis of governance and support costs

Included within expenditure on charitable activities are governance and support costs amounting to £2,394,000 (2020: £2,261,000). These are analysed as:

	Group		Charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
Staff costs	968	904	922	853
Finance	307	291	317	283
IT	522	505	534	501
Facilities & HR	521	506	502	508
Management & Governance	76	55	51	53
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2,394	2,261	2,326	2,198
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The governance and support costs have been apportioned across the charitable activities on the basis of staff time associated with each activity. The charge to each activity was as follows:

	Group		Charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
Qualifying Chemical Engineers	1,184	1,048	1,143	1,013
Operating a Learned Society for Chemical Engineers	1,210	1,213	1,183	1,185
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2,394	2,261	2,326	2,198
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Analysis of governance costs:

	Group		Charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
External audit	36	31	31	28
General meeting costs	5	2	5	2
Legal & professional fees	22	4	13	3
Electoral services	3	2	3	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	66	39	52	35
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

8 Analysis of trustee remuneration and expenses

Group and Charity	2021 £000	2020 £000
Expenses paid to or on behalf of nil (2020:5) Trustees in respect of travel, subsistence, and accommodation costs	-	4

The Trustees give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2020: £nil).

9 Analysis of staff costs and remuneration to key management personnel

The average monthly headcount for the group and charity during the year was 94 (2020: 96). The number of full-time equivalent persons employed by the group and charity during the year was as follows:

	Group		Charity	
	2021	2020	2021	2020
Qualifying Chemical Engineers	34	32	30	28
Operating a Learned Society for Chemical Engineers	34	35	33	34
Management and Administration	19	19	18	18
	87	86	81	80

The aggregate payroll costs of these persons were as follows:

	Group		Charity	
	2021 £000	2020 £000	2021 £000	2020 £000
Wages and salaries	3,293	3,187	3,234	3,116
Social security costs	285	273	284	272
Pension scheme contributions	282	277	276	270
Defined benefit pension scheme operating costs	79	81	79	81
Employee benefits	49	45	49	45
	3,988	3,863	3,922	3,784

During 2021, £nil (2020: £nil) was paid out as redundancy or termination payments.

The numbers of employees, including the Chief Executive, whose total employee benefits, excluding employer pension contributions, exceeded £60,000, fell within the following ranges:

	Group		Charity	
	2021	2020	2021	2020
£60,001 - £70,000	3	3	3	3
£70,001 - £80,000	1	1	1	1
£80,001 - £90,000	2	2	2	2
£90,001 - £100,000	-	1	-	1
£100,001 - £110,000	1	1	1	1
£120,001 - £130,000	1	-	1	-
£190,001 - £200,000	1	1	1	1

The number of employees who earned more than £60,000 for whom pension benefits are accruing under the defined contribution pension scheme is 6 (2020: 6). Contributions in respect of these employees amounted to £46,000 (2020: £57,000).

The Institution considers its key management personnel to comprise the Board of Trustees, the Chief Executive, and the Senior Management Team. The total employment benefits of 6 (2020: 6) key management personnel staff, including employer pension contributions and employer's national insurance, were £821,000 (2020: £774,000).

10 Tangible fixed assets

Group	Freehold Property	Short leasehold property	Office equipment	Computers	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At beginning of year	1,800	19	141	321	2,281
Additions	-	-	-	-	-
Disposals	-	-	-	(290)	(290)
At end of year	1,800	19	141	31	1,991
Depreciation					
At beginning of year	1,003	19	141	320	1,483
Charge for the year	76	-	-	1	77
Disposals	-	-	-	(290)	(290)
At end of year	1,079	19	141	31	1,270
Net book value					
At 31 December 2021	721	-	-	-	721
At 31 December 2020	797	-	-	1	798

Charity	Freehold Property	Short leasehold property	Office equipment	Computers	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At beginning of year	1,800	19	141	312	2,272
Additions	-	-	-	-	-
Disposals	-	-	-	(281)	(281)
At end of year	1,800	19	141	31	1,991
Depreciation					
At beginning of year	1,003	19	141	311	1,474
Charge for the year	76	-	-	1	77
Disposals	-	-	-	(281)	(281)
At end of year	1,079	19	141	31	1,270
Net book value					
At 31 December 2021	721	-	-	-	721
At 31 December 2020	797	-	-	1	798

Freehold property at 31 December 2021 includes land at valuation of £280,000 (2020: £280,000) which is not depreciated.

11 Fixed asset investments

Group and Charity	2021 £000	2020 £000
Fair value at 1 January	6,090	5,724
Acquisitions at cost	1,832	1,875
Proceeds of disposals	(1,820)	(1,876)
Net gains on revaluation	576	367
Fair value at 31 December	6,678	6,090
Historical cost at 31 December	3,731	3,720

All investments are carried at their fair value. An analysis of the fair value of the investments at 31 December 2021 is as follows:

Group and Charity	2021 £000	2020 £000
Equities	4,048	3,478
Fixed Interest	1,336	1,079
Other	1,001	1,130
Cash	293	403

Investments in Subsidiaries

The Institution holds 2 shares of £1 each in its wholly owned trading subsidiary company IChemE Ltd which is incorporated in the United Kingdom. These are the only shares allotted, called up and fully paid.

IChemE in Singapore Limited, which is incorporated in Singapore, is a company limited by guarantee and is a wholly owned subsidiary of the Institution.

A new private limited company was established in Malaysia in October 2020, IChemE Malaysia Sdn Bhd. The Institution holds 100 shares of MYR 1 each in the wholly owned subsidiary. The company was dormant during 2020 with all IChemE activities in Malaysia transferring from the registered society, IChemE in Malaysia, to the private limited company with effect from 1 January 2021. The registered society in Malaysia was subsequently wound up in October 2021.

The activities and results of these companies are summarised in note 2.

12 Debtors

	Group		Charity	
	2021 £000	2020 £000	2021 £000	2020 £000
Trade debtors	256	246	200	175
Amount due from subsidiaries	-	-	141	156
Other debtors	1	27	1	38
Prepayments and accrued income	616	393	550	370
	873	666	892	739

13 Creditors: amounts falling due within one year

	Group		Charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade creditors	465	447	461	445
Amounts due to subsidiaries	-	-	7	13
Other creditors	377	427	362	427
Taxation and social security	120	118	108	116
Accruals	230	160	210	149
Deferred income	1,305	1,077	1,266	1,071
	2,497	2,229	2,414	2,221

Deferred income relates to annual subscriptions payments and events income which have been paid to the Institution in advance. All deferred income is released to the statement of financial activities in the following year.

14 Commitments

Total future commitments under non-cancellable operating leases are as follows:

Group	2021		2020	
	Land and buildings	Other	Land and Buildings	Other
	£000	£000	£000	£000
Amounts falling due:				
In less than one year	71	9	57	9
In the second to fifth years inclusive	34	8	32	17
Over five years	-	-	-	-
	105	17	89	26

Charity	2021		2020	
	Land and buildings	Other	Land and Buildings	Other
	£000	£000	£000	£000
Amounts falling due:				
In less than one year	61	9	46	9
In the second to fifth years inclusive	34	8	32	17
Over five years	-	-	-	-
	95	17	78	26

A first charge of £500,000 was placed on the freehold premises at Rugby in favour of the Defined Benefit Pension Scheme in March 2017.

15 Analysis of movements in restricted funds

Group and Charity	International Process Safety Group (IPSG) £000	Medals & Awards (MM Sharma / SIESO) £000	John Collier Memorial Fund £000	Andrew Legacy Fund £000	Sustainability Hub £000	Total £000
At 1 January 2021	49	39	35	1,116	-	1,239
Income	20	-	-	-	250	270
Expenditure	(24)	(1)	-	(96)	(74)	(195)
At 31 December 2021	45	38	35	1,020	176	1,314

The IPSG funds relates to an industry funded technical centre which is administered in accordance with its Statute.

In 2018, the Institution received a donation of £13,000 from the JB Joshi Foundation which is to be used for the creation of a new award, to be known as the MM Sharma Medal, for excellence in the field of chemical engineering. An award of £1,000 will be made to the winner(s) of the medal, and the donation will also be used to fund administration expenses of up to £250 a year.

The SIESO Medal was launched early 2019 following a bequest of £29,500 from SIESO (a society that Shared Information and Experience for Safer Operation) which ceased operations in 2018. The medal seeks to raise awareness of process safety among science, business, and engineering students. It consists of an award of £750 and up to £250 in travel allowance to attend the presentation, and is awarded to one or more students for an excellent presentation on major accidents and learning outcomes.

The John Collier Memorial Fund seeks to have a two-yearly Lecture and Medal ceremony. The capital and the income generated are to be used to fund the award and lectures in perpetuity.

The Andrew Legacy Fund seeks to hold a medal lecture on the theme of ‘The Science of Formulation of Heterogeneous Catalysts’ and to support academic research in enhancing the science of formulation of heterogeneous catalysts. The medal and lecture are normally awarded every three years. The Institution has also set up the Andrew Fellowship which funds up to two early career researchers a year to undertake research in the field of Heterogeneous Catalysts. The Fellowship consists of a stipend of £10,000 a year plus £5,000 a year in expenses for a period of up to four years. Additionally, in 2020 the Institution agreed to fund the ‘Sydney Andrew PhD Scholarship in Multiscale Catalysis Research’ run by the University of Bath. Funding for the Scholarship has been agreed at £25,300 a year for the period 2020-2024.

In March 2021, the Institution received a donation of £200,000 from one of its members and former IChemE President Mr Ian Shott, who wanted to support the development of sustainability knowledge for chemical engineers. A programme of work began in May 2021 to create the Sustainability Hub, with a vision to create and deliver a sustainability knowledge resource. The Sustainability Hub was formally launched in February 2022, and additional training and content will continue to be developed throughout the year. The donation and reclaimed gift-aid of £50,000 has been recognised in restricted funds.

16 Analysis of movements in unrestricted designated funds

Group and Charity	IT Transformation Programme £000	Institution Transformation Programme £000	Total £000
At 1 January 2021	335	500	835
Expenditure	(335)	-	(335)
Transfer between funds	-	-	-
At 31 December 2021	-	500	500

16 Analysis of movements in unrestricted designated funds (continued)

In 2018, the Trustees set aside £1,000,000 as a designated fund for an IT Transformation Programme to run over a two-to-three-year period. The Programme was made up of a number of projects to improve and modernise the Institution's IT services and platforms, and to address a number of risks by moving business applications off premise and into the cloud.

The first phase of the IT Transformation Programme, which started in 2019, was completed in 2021 with the implementation of the new finance system, roll out of the new member application system, and de-commissioning of the on-premises servers.

A second phase of work under the Future Institution Transformation Programme (FIT Phase 2) will continue in 2022, to enhance the core operating systems to drive efficiency and continuous improvement. A sum of £500,000 was designated in December 2020 for this second phase of work, and at the Board of Trustees' meeting in January 2022 it was agreed to add a further £350,000 to the designated fund.

17 Related party transactions

During the year recharges have been made between the charity and its subsidiary undertakings. These relate to direct costs and staff costs incurred by one party on behalf of the other. The net amount recharged was:

	Net amount recharged from / (to) the charity in the year		Balance outstanding at year end included in debtors / (creditors) for the charity	
	2021 £000	2020 £000	2021 £000	2020 £000
IChemE Ltd	25	27	107	82
IChemE in Malaysia	(61)	10	-	61
IChemE in New Zealand	(9)	4	(22)	(13)
IChemE in Singapore Ltd	(13)	2	-	13
IChemE Malaysia Sdn Bhd	28	-	28	-
	<u>(30)</u>	<u>43</u>	<u>113</u>	<u>143</u>

IChemE Ltd gift aids its operating profit to the charity and the balance of £125,000 (2020: £82,000) is included in debtors for the charity at year end.

18 Analysis of group and charity net assets between funds

Fund balances at 31 December 2021 are represented by:

Group	Unrestricted funds £000	Restricted Funds £000	Total £000
Tangible fixed assets	721	-	721
Investments	6,678	-	6,678
Pension scheme funding deficit	(4,524)	-	(4,524)
Net current assets	381	1,314	1,695
	<u>3,256</u>	<u>1,314</u>	<u>4,570</u>
Total net assets	<u>3,256</u>	<u>1,314</u>	<u>4,570</u>

Charity	Unrestricted funds £000	Restricted Funds £000	Total £000
Tangible fixed assets	721	-	721
Investments	6,678	-	6,678
Pension scheme funding deficit	(4,524)	-	(4,524)
Net current assets	216	1,314	1,530
	<u>3,091</u>	<u>1,314</u>	<u>4,405</u>
Total net assets	<u>3,091</u>	<u>1,314</u>	<u>4,405</u>

19 Reconciliation of net movement in funds to net cash flow from operating activities

Group	2021 £000	2020 £000
Net Income	1,264	421
Adjustments for:		
Depreciation on tangible fixed assets	77	87
(Gains) on investments	(576)	(367)
Dividends and interest from investments	(65)	(54)
Investment management fees	53	55
Difference between pension charge and cash contribution	(204)	(182)
(Increase)/decrease in debtors	(207)	128
Increase/(decrease) in creditors	268	(432)
Exchange (losses) / gains arising from retranslation of foreign branches & subsidiaries	(110)	136
Change in cash and cash equivalents due to exchange rate movements	63	(115)
Net cash from / (used in) operating activities	563	(323)

Charity	2021 £000	2020 £000
Net Income	1,309	387
Adjustments for:		
Depreciation on tangible fixed assets	77	86
(Gains) on investments	(576)	(367)
Dividends and interest from investments	(65)	(54)
Investment management fees	53	55
Difference between pension charge and cash contribution	(204)	(182)
(Increase)/decrease in debtors	(153)	179
Increase/(decrease) in creditors	193	(341)
Exchange (losses) / gains arising from retranslation of foreign branches & subsidiaries	(103)	130
Change in cash and cash equivalents due to exchange rate movements	14	(6)
Net cash from / (used in) operating activities	545	(113)

20 Analysis of changes in net debt

Group	At start of year	Cash flows	Foreign exchange movements	At end of year
	£000	£000	£000	£000
Cash	2,819	563	(63)	3,319
Total	2,819	563	(63)	3,319
Charity	At start of year	Cashflows	Foreign exchange movements	At end of year
	£000	£000	£000	£000
Cash	2,521	545	(14)	3,052
Total	2,521	545	(14)	3,052

21 Pension scheme

Defined contribution scheme

The Institution's Defined Contribution Pension Scheme for UK based staff was established in April 2006 following the closure of the Defined Benefit Scheme. The assets of the Scheme are held separately from those of the charity and from January 2021 were administered by The People's Pension, provided by B&CE. The Institution pays one and a half times the percentage that the employee contributes up to a maximum of 12%. The total pension cost charge to the Institution, representing contributions payable to the fund amounted to £235,000 (2020: £227,000).

The total pension cost for the staff of the branch in Australia, which is paid under the superannuation scheme at 9.5% of base salary, was £42,000 (2020: £43,000).

Pension costs relating to the employees of the Institution's subsidiaries IChemE in Malaysia and IChemE in New Zealand amounted to £6,000 (2020: £7,000).

Defined benefit scheme

The Institution operates a defined benefit pension arrangement called the Institution of Chemical Engineers Pension Scheme. The Scheme provides benefits based on salary and length of service on retirement, leaving service or death. In 2006, the Scheme was closed to new members, future service accruals and salary revaluations were limited with effect from 5 April 2006.

The scheme is funded with the assets being held by the pension scheme's trustees separately from the assets of the Institution.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least every three years to determine whether the Statutory Funding Objective is met. As part of the process, the Institution and the trustees of the Scheme must agree the contributions to be paid to address any shortfall against the Statutory Funding Objective.

The most recent triennial valuation of the Scheme as at 31 December 2020 was carried out during 2021. The results of that valuation showed that the deficit in the Scheme had increased from £4.89m to £5.26m. In order to address the deficit, a new Recovery Plan was agreed for the Institution to pay an annual contribution level of £320,000 a year, increasing in line with CPI, from 1 February 2022 to 31 July 2032.

The results of the valuation will be updated by an independent qualified actuary on an annual basis allowing for cashflows in and out of the Scheme and for changes to assumptions over that period.

The Institution has also provided additional security to the Scheme by way of a charge of £500,000 on the freehold property in Rugby. The security agreement to put the charge in place was submitted to the Land Registry in March 2017.

Administrative and other expenses of the Scheme are payable separately by the Institution.

The principal assumptions used to calculate Scheme liabilities include:

	2021 %	2020 %
Discount rate	1.80% pa	1.25% pa
Inflation (RPI)	3.50% pa	3.1% pa
Inflation (CPI)	3.10% pa	2.65% pa
Pension increase (LP15)	3.00% pa	2.55% pa
Post-retirement mortality	90% of 'S3NA' tables with CMI 2020 projections and a long-term rate of improvement of 1.25% pa. The initial addition is 0.25% p.a. and the 2020 weight parameter is 0%	90% of 'S2NA' tables with CMI 2017 projections and a long-term rate of improvement of 1.25% pa
Commutation	All members are assumed to take 25% of their pension as tax-free cash	All members are assumed to take 25% of their pension as tax-free cash

21 Pension scheme (continued)

The major categories of assets are as follows:

Asset category	2021 £000	2020 £000
Liability Driven Investment (LDI)	3,784	4,056
Multi-asset Funds	6,830	6,399
Cash	80	31
Total	10,694	10,486

The return on the Scheme's assets (net of investment manager expenses) over the period to the Review Date was approximately 2.6%.

Amounts recognised in the balance sheet:

	2021 £000	2020 £000
Fair value of assets	10,694	10,486
Present value of funded obligations	(15,218)	(16,405)
(Deficit) in scheme	(4,524)	(5,919)

Amounts recognised in the statement of financial activities over the year:

	2021 £000	2020 £000
Interest on liabilities	203	276
Interest on assets	(131)	(184)
Total	72	92

Remeasurements over the year:

	2021 £000	2020 £000
(Gain) on assets in excess of interest	(141)	(1,156)
Experience (gains) on liabilities	(264)	-
Losses from changes to demographic assumptions	53	-
(Gains) / losses from changes to financial assumptions	(839)	2,472
Total	(1,191)	1,316

21 Pension scheme (continued)

The change in the value of the assets over the period was:

	2021 £000	2020 £000
Fair value of assets at beginning of period	10,486	9,205
Interest on assets	131	184
Institution contributions	276	274
Benefits paid	(340)	(333)
Return on assets less interest	141	1,156
Value of assets at end of period	10,694	10,486

The change in the value of the defined benefit liabilities over the period was:

	2021 £000	2020 £000
Value of liabilities at the beginning of the period	16,405	13,990
Past service cost	-	-
Interest on liabilities	203	276
Benefits paid	(340)	(333)
Experience (gains) / losses on liabilities	(264)	-
Changes to demographic assumptions	53	-
Changes to financial assumptions	(839)	2,472
Defined benefit obligation at end of period	15,218	16,405

	2021 £000	2020 £000
Actuarial gains / (losses)	1,191	(1,316)

The annual contribution level for the period 1 February 2022 to 31 January 2023 will be increased in line with the new Recovery Plan from £275,724 to £320,000.

THE INSTITUTION OF CHEMICAL ENGINEERS

England & Wales - Charity number 214379

Accounts

Institution of Chemical Engineers

Annual Report and Consolidated
Financial Statements
for the year ended 31 December 2020

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Trustees' Report

The Board of Trustees is pleased to present its annual report together with the financial statements of the charity and its subsidiaries for the year ending 31 December 2020.

The financial statements comply with the *Charities Act 2011* and *Accounting and Reporting by Charities: Statement of Recommended Practice* applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Reference and Administrative Details

The Institution of Chemical Engineers (IChemE) is a registered Charity in England and Wales (charity number 214379) and a charity registered in Scotland (SC039661).

Principal Office

Davis Building, Railway Terrace, Rugby, Warwickshire, CV21 3HQ

Auditors

RSM UK Audit LLP, St Philips Point, Temple Row, Birmingham, B2 5AF

Main Bankers

NatWest Bank Plc, Silbury House, 300 Silbury Boulevard, Milton Keynes, MK9 2ZF

Solicitors

Mills & Reeve, 100 Hills Road, Cambridge, CB2 1PH

Investment Managers

Rathbone Investment Management Limited, 8 Finsbury Circus, London, EC2M 7AZ
Ruffer LLP, 80 Victoria Street, London, SW1E 5JL

Trustees

The Trustees serving through the year were as follows:

1 January 2020 – 15 June 2020

Prof SM Richardson
Mr KJ Rivers
Mr IJ Martin
Mr AB Just
Prof J Glassey
Mr THL White
Prof PJ Ashman
Mrs JV Atkinson
Mrs MD Isles-Ahite
Eur Ing KC Plumb
Mr DM Sutton
Mrs WJ Wilson

From 15 June 2020

Prof SM Richardson
Ms LJ Cutler
Mr KJ Rivers
Mr IJ Martin
Mr AB Just
Prof J Glassey
Mr THL White
Prof PJ Ashman
Mrs JV Atkinson
Mrs MD Isles-Ahite
Eur Ing KC Plumb
Mr DM Sutton
Mrs WJ Wilson

Chief Executive

Mr JL Prichard

Senior Management Team

Ms J Downham: Director, Finance & Business
Mrs C Flavell-While: Director, Learned Society
Ms P Kerin: Director, IChemE Safety Centre
Mr D Lloyd-Roach: Director, Qualifications
Mr P Slane: Director, Regions

Objectives and activities for the public benefit

The Institution of Chemical Engineers (IChemE) is an internationally recognised professional body committed to advancing the contribution of chemical engineering for the benefit of society.

In support of this core purpose, we promote a wide awareness of the role of chemical engineering. We develop, maintain, and administer standards of professionalism, education, safety and engineering practice. We work to attract a broad range of talent from diverse backgrounds into the discipline, and we inspire young professionals to develop their competence to ensure that society is protected.

We assess applicants for membership and professional registration through a rigorous peer review process thereby promoting professional development and competence in all those who enter the profession.

By promoting high standards, we encourage chemical engineers to deliver economic benefit and wellbeing without causing harm to society or the planet.

Through the knowledge and expertise of our members we inform policy development and advance the practice of chemical engineering. We recognise and celebrate excellence; we undertake informed advocacy on behalf of chemical engineering and chemical engineers; and share the message that chemical engineering matters.

The object of the Institution as set out in the Royal Charter is:

to promote, foster and develop the general advancement of the science of chemical engineering in all its branches as an end in itself and as a means of furthering the scientific and economic development and application of processes in which chemical and physical changes of materials are involved and to promote, assist, finance and support such research, investigation and experimental work in chemical engineering as the Institution may consider likely to conduce to those ends and to the benefit of the community at large.

The powers vested in the Institution to achieve these objects are:

- To hold meetings of the Institution for reading and discussing papers and communications bearing upon the science of chemical engineering or the application thereof or upon subjects relating thereto and generally to advance knowledge of chemical engineering.
- To print, publish, sell, lend, or distribute the proceedings or the reports of the Institution or any papers, communications, works or treatises on chemical engineering or its application or subjects connected therewith in the English or any foreign tongue or any abstracts thereof or extracts therefrom.
- To co-operate with Government Departments, Universities, other Educational Institutions, and public educational authorities for the furtherance of knowledge of and education in chemical engineering, science or practice.
- To publish statements in the public interest for the education or information of the general public on matters involving the science or application of chemical engineering.
- To hold or prescribe examinations or other assessments for candidates for election to Voting and Non-Voting membership and by requiring standards of knowledge and experience approved by the Institution.
- To maintain, under licence from the Engineering Council (UK) or the Science Council, or any other successor organisations, or any other appropriate organisations, such Register, or parts thereof, as refer to relevant Chartered Practitioner status or to relevant Technician or other status.
- To co-operate with any other organisations to advance the cause of chemical engineering or for economic purposes related thereto.
- To do all other things incidental or conducive to the attainment of the above objects or any of them.

Our strategy

The IChemE Board of Trustees, Congress and Senior Management Team launched a five-year strategy for the organisation in July 2019.

The strategy sets out IChemE's enduring purpose to advance the contribution of chemical engineering worldwide for the benefit of society; and its vision as being led by members, supporting members, and serving society. We will have realised this vision and fulfilled our purpose if we achieve four key aims by 2024. They are:

- ***Respected for professionalism and technical competence***

IChemE will continue to set and uphold professional standards, offering routes to recognized qualifications for all chemical engineers who should be qualified. The Institution will encourage and champion professional development and apprenticeship opportunities to meet existing and future demand. This will be supported by an increase in, and enhancement of, external organisational partnerships.

- ***Recognised as a vibrant learned society that addresses the Global Grand Challenges***

This will be achieved by developing insight and opinion and by working alongside other professions to provide a collective voice on joint issues. Showing technical leadership by engaging with governments and other global bodies to inform policy/decision-making is vital. By using new technology and platforms, the Institution can engage and empower members to spread technical expertise across geographies, special interests and with peers and partners – helping them to adapt to (and influence) current and future challenges.

- ***Acknowledged as an Institution of choice in which an engaged membership receives and adds value***

Improving societal understanding of the history of chemical engineering, as well as its contribution to tackling the *Grand Challenges for Engineering* and the *United Nations Sustainable Development Goals*, is important in inspiring the next generation of engineers. Just as important is properly communicating the value proposition of IChemE to existing members, tailoring engagement carefully, depending on their level and ambitions. A more engaged membership adds value back into the Institution, creating greater value for society and for all prospective and current members.

- ***Known as a high-performing organisation delivering significant value***

Embracing digitalization will be key, creating a platform which is befitting of a modern multinational professional body and allows instantaneous transfer of knowledge and skills, regardless of geography. To support this, a streamlined business architecture and measures to ensure financial sustainability will also be introduced.

Public Benefit

The Institution works to fulfil these goals on an international scale, reflecting the global nature of its membership and of the chemical engineering profession, and bringing benefits to the public and society by promoting high standards of engineering competence, professional ethics, safety, and sustainability, thus enabling industry and society to receive the benefit from a competent profession and its practitioners.

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Institution's aims and objectives and in planning future activities.

Achievements and performance

IChemE set out at the start of the year with an ambition to continue delivering improvement activities and income growth. However, by the end of March, the impact of the COVID-19 pandemic was being felt across the globe and IChemE had to quickly adjust its expectations and implement home working and virtual operating for all its offices. The majority of membership income had been secured, but commercial income that relied upon a physical presence was conservatively forecast to drop away. Tight cost control measures were promptly implemented, and the use of national government employment support mechanisms were applied for. Significant effort was expended in migrating charitable and commercial activity to online delivery. As a result, by the end of May, IChemE was able to confirm staffing and activity levels for the remainder of the year.

Aim 1: Respected for professionalism and technical competence

IChemE continued to set and uphold standards, while offering flexible routes to professional qualification. Significant progress was made by member volunteers and employees on developing Programme SMART (Sustainable Membership Achieved via Robust Transactions), with the development and successful trials of a new three-stage process for membership applications. Stage 1 is the assessment of an applicant's educational base for membership, with the new Individual Case Procedure (ICP) route giving recognition to those who have not completed accredited programmes of study but have the relevant knowledge. Stage 2 assesses an applicant's initial professional development (IPD) - their experience and development of competencies. Stage 3 is professional review - to confirm demonstration of an applicant's competence and commitment. Stage 3 also includes the new streamlined procedure that seeks to process Chartered Member applications within three-months. Significant work was undertaken in 2020 to build and test these processes into a new membership application system, which will be fully realised in 2021.

Embedding ICP into the new system has progressed well. Forty-three people took part in three pilots between January 2018 to May 2020. From May to December 2020, 55 people were invited to participate in the new process in small tranches to fully test the system. Meanwhile, the Institution recruited and began training for more than 330 member volunteers for the new Professional Reviewer, ICP Reviewer and IPD Assessor roles, as well as comparable roles for Professional Process Safety Engineer applications, so that Programme SMART can be fully implemented.

IChemE continued to support academia and industry with chemical engineering skills development and successfully adapted its processes to assist throughout the COVID-19 pandemic and subsequent restrictions.

IChemE sought a one-year blanket extension for its accredited programmes from the Engineering Council to allow university departments to focus on coping with a unique and rapidly changing landscape for their teaching. In its role to maintain high professional standards, IChemE developed a COVID-19 Impact Report Form to closely collaborate with accredited universities to record changes implemented to programmes that enabled students to still meet the required learning outcomes for registration.

Twelve university accreditation visits took place physically, virtually, or semi-virtually, and IChemE shared learnings of good professional practice of the latter two with other engineering institutions. Heriot-Watt University was the first institution to have its Malaysia campus semi-virtually accredited and its programme in Dubai the first accreditation for IChemE in the Middle East region.

High hazards training provider Reynolds Training Services became the first organisation to have its level 3 diploma qualification, a part of its apprenticeship scheme, approved by IChemE. Senior leaders at IChemE and Arup gathered online to present the engineering consultancy with their Gold Corporate Partner Award to recognise their commitment in supporting undergraduates and graduates.

Member volunteers and employees in the UK, Australia, Malaysia, and New Zealand supported members in their continuing professional development with in-company, online and on-demand courses. In-company training was primarily delivered virtually for the first time to adapt to COVID-19 restrictions, except in New Zealand where training was safely conducted face-to-face. Fifty delegates attended a newly developed online HAZOP course tailored for Rio Tinto in Australia. Plus, 57 live online courses were conducted and on-demand training courses were purchased by individuals in 33 countries.

To boost access to employment and support connections between industry suppliers, *The Chemical Engineer* magazine launched an improved jobs board and an online Consultants and Contractors Directory.

To set the bar for appropriate national standards to address sustainability and traceability requirement of the palm oil industry in Malaysia, IChemE's Palm Oil Processing Special Interest Group members Qua Kiat Seng and Chong Mei Fong contributed to the review of the Supply Chain Certification Standard upon the Malaysian Palm Oil Certification Council's Sustainable Palm Oil standards working group.

IChemE's year-end membership figure was 33,461, which represents a fall of 5.3% from 2019 (35,345). This reduction is due to a number of factors, including the ongoing work in developing a sustainable membership subscription model, with the numbers truly reflecting the Institution's active, paying membership. Other geo-political, economic, and pandemic forces also contribute to the shifting membership profile. Strategy 2024 sets out a sustainable growth and retention activity strand, which means that the Institution will continue to focus upon supporting all those wishing to become professionally qualified, whilst ensuring that they maintain their technical competence. The Institution will do this by providing suitable learning opportunities and resources for members, supporting them in their continuing professional development. In 2020, IChemE supported 71 Fellows, 318 Chartered Chemical Engineers and 1,483 Associate Members to become elected. In the overall membership, 37% was professionally qualified – up from 35% in 2019.

Aim 2: Recognised as a vibrant learned society that materially impacts on the Global Grand Challenges

To perform as a leading learned society in chemical engineering that make a positive impact on Global Grand Challenges, IChemE's Learned Society Committee identified and began delivering on three priority topics for the Institution to focus on through to 2024: responsible production; major hazard management; and digitalisation.

IChemE aims to deliver tangible outputs on various aspects of responsible production, including climate change, ethics, systems engineering and life-cycle analysis. A major milestone was achieved in this with the development and launch of the Institution's climate change position statement. The project group engaged with members with an array of technical expertise across the Institution's specialist groups and committees, and also invited input from the Institution's 33,000 wider membership. The position statement commits IChemE to support and enable members, through education, research, and sustainable engineering practices, to contribute to the transition to a 'net zero' world by 2050. It also commits IChemE to develop plans to achieve net zero carbon emissions in its own global operations by 2025 and report progress annually. IChemE also published a collection of climate change articles to showcase the range of related research papers in its journals.

All IChemE journals saw a rise in their Impact Factor, which is a quantitative measurement of a journal in relation to its competitors. *Sustainable Production and Consumption* received its first Impact Factor and overall a record 8,712 manuscripts were submitted for IChemE journals in 2020 – up 43% from 2019.

The Institution continued to provide technical leadership and expert opinion to decision-makers through contributions to UK policy responses, such as the nuclear decommissioning strategy and the 2020 Spending Review. Members' access to technical resources continued in 2020, which included publishing a compilation of 20 articles on opportunities and challenges in the hydrogen economy that was collated by the Clean Energy Special Interest Group and *The Chemical Engineer*. IChemE secured access for members to view technical books through Knovel's associated app, KnovelToGo. This enables members to freely access more than 300 leading technical references, including 25 new books for 2020.

A Major Hazards Committee was formed to cohere all process safety activities into a unified approach, enabling IChemE to improve the way that it promotes safety related knowledge, good practice, and learning from others.

In 2020, the IChemE Safety Centre (ISC) boosted its range of digital resources thereby extending the breadth of its offer. It delivered seven times more webinars than in 2019, with almost 3,000 attendees across the world and a further 7,200 viewings of the recordings on YouTube. The ISC also launched a social media campaign to share one-minute videos of incidents and their learnings on their respective anniversaries. This demonstrated how effective learnings opportunities can be achieved in a relatively short timeframe. Fifty-five videos gained over 2,600 YouTube views and tens of thousands of hits on additional social media channels. Additionally, ISC Director Trish Kerin's new podcast collaboration with *Chemical Processing* magazine saw 3,815 downloads of 14 podcasts in 2020.

To promote technical standards, the ISC published a collection of papers that shared both good practice and pitfalls, to help organisations manage risk during COVID-19. These were presented at the Organisation for Economic Co-operation and Development (OECD) Working Group on Chemical Accidents' virtual conference.

Knowledge-sharing and supporting CPD continued through physical-turned-virtual conferences. Piper Alpha survivor Steve Rae shared his model for developing and sustaining robust safety in the Trevor Kletz Lecture at *Hazards 30*. To boost learning, the 31 hours of technical presentations from the two-day conference were made available to delegates for 30 days, who made full use of the opportunity collectively spending 640 hours on the platform after the event. More than 330 delegates also attended the four-week webinar series *Bite-sized Chemeca*. Innovations, lessons, and best practice were shared by speakers under the theme 'renew, sustain, disrupt and advance'.

A three-year digitalisation project, led by the new Digitalisation Technical Advisory Group, was launched in 2020. The Group will provide thought-leadership as to how digital technologies, such as big data, artificial intelligence,

and virtual reality, and skill areas, enabled by ethical and organisational leadership, education and life-long learning, will affect chemical engineering professionals, as well as preparing them for the future.

To support the global response to the coronavirus pandemic, 80 members from 11 countries, supported by professionals from other disciplines with expertise in vaccine development, diagnostics manufacturing, therapeutics, and medicine supplies, formed the IChemE COVID-19 Response Team. Collaborating with the International Society of Pharmaceutical Engineering UK Affiliate, the National Engineering Policy Centre, the Royal Society and IChemE's Energy Centre, the team developed numerous workstreams to address challenges, identifying where chemical engineers could provide support and appropriate solutions. The Team offered support to the UK government and the NHS, and contributed to various policy reports. Their work included solutions for the decontamination and reuse of personal protective equipment, the scale up and roll out of vaccine manufacture, and they provided recommendations for a recovery from COVID-19 which would also assist the UK in achieving net zero targets.

To support members during the pandemic, IChemE developed the Coronavirus Hub, a web area centralising resources and information on IChemE's response to the pandemic and signposting members to the Chemical Engineers Benevolent Fund if they were experiencing hardship. Members also shared their stories in *The Chemical Engineer* on how they have helped during the crisis, advised policymakers and describing the impact of the pandemic on education, operations, and safety.

Aim 3: Acknowledged as a peer-group leader in which an engaged membership receives and adds value

IChemE continued its efforts to strengthen member engagement, improve understanding of the profession, and to support the member lifecycle. This included helping to inspire the next generation of chemical engineering professionals.

103 members, from across the world, joined IChemE's first fully virtual Annual General Meeting. Of this, 95 attendees were voting members – which is the largest number since 2002 and seventh highest on record. A new deputy president and 11 Congress members were elected to office and actively participated in strategic initiatives to shape the direction of the Institution. Members featured in two new video series (IChemE Insight and In Conversation), which were launched to enhance members' understanding of progress that has been made with key IChemE initiatives and to introduce them to the member volunteers leading them.

In February, at the Frank Morton Sports Day Careers Fair in Birmingham, IChemE launched the 'career profiles in the bioeconomy' booklet to promote early career opportunities. At the event, IChemE's National Young Members Committee chair, Heather Williams, and IChemE employees helped develop students' understanding of professionalism by answering questions on careers and on how to become a Chartered Member.

In July, a new Student Summit for undergraduates in Australia, Malaysia and New Zealand was organised and run very successfully by student members. The online event saw more than 630 participants learn from key speakers on the emerging opportunities and challenges affecting future generations of chemical engineers. Popular workstreams included those provided on sustainable design solutions and alternative energies.

Engagement activities to support university students in Malaysia were expanded to include five new Student Chapters. IChemE also brought together leading industry speakers to support Malaysian universities at the virtual Regional Chemical Engineering Undergraduates Congress enabling over 200 students to learn about sustainable technologies and Industry 4.0.

A 60-strong member volunteer group was formed to plan how IChemE can showcase 100 years of chemical engineering achievements to celebrate the Institution's centenary in 2022. Members worldwide contributed stories that mark past and present chemical engineering initiatives that have delivered societal benefit and will support the attainment of the UN Sustainable Development Goals, as well as other innovations being developed for the future.

Over the course of the year, virtual activities were ramped up Member Groups and Special Interest Groups to encourage wider access to technical knowledge and professional development. More than 18,980 people attended 267 webinars. 130 early career members were matched with a mentor. 102 Get Chartered and 61 On Campus presentations were delivered. Also, IChemE launched a new workshop to support individuals with their competence and commitment report for Chartered Member application.

To improve societal understanding of chemical engineering, three IChemE Fellows featured as experts in *Disasters Engineered*, a new UK Discovery Channel television series. They gave technical accounts of incidents and explained what professionals working in hazardous industries have learned from them. Furthermore, Sky News interviewed Trustee Keith Plumb about wide-scale testing for COVID-19.

As part of promoting a diverse profession, Trustee Macsene Isles-Ahite and an autistic engineer shared their stories in *The Chemical Engineer* on what the profession and IChemE could do to improve diversity and be more

supportive to members' needs. Through the Institution's commitment to improve and encourage equality, diversity and inclusion, a member working group was established to develop a programme of work to be delivered as part of Strategy 2024.

For International Women in Engineering Day, to celebrate diversity, recognise volunteer efforts and enhance understanding of the profession, IChemE created a video campaign with members explaining how women chemical engineers help shape the world. The video gained over 1,200 views on YouTube, with strong engagement upon IChemE's other social media channels, including with engineers and other engineering institutions.

Work on the programme to support and recognise volunteers was taken forward, including rolling out General Data Protection Regulations (GDPR) training to over 3,000 member volunteers and publishing a new centralised web area for members to find out about volunteering opportunities.

As a part of the awards and medals programme, 26 chemical engineers from across the world were recognised by their peers with online award ceremonies. More than 170 entries made it to the finals of the IChemE Global Awards and the first-ever virtual IChemE Malaysia Awards. For the Global Awards, achievements were showcased in 20 categories in a three-week webinar series, where finalists presented their projects and took questions from the online audience, culminating in the winners' announcement. *Best Consultancy*, *Process Automation and Digitalisation*, and *Public Engagement* were all new categories for 2020. UK-based Plastic Energy's world-first process that sustainably recycles contaminated plastic waste that cannot be mechanically recycled won the *Outstanding Achievement Award*, *Innovative Product Award* and *Sustainability Award*.

Aim 4: Known as a high-performing organisation delivering significant value

2020 marked a considerable step forward in modernising IChemE's legacy systems, business processes and governance for more resilient operations that deliver value and enable better connectivity for members.

Further investment in digital systems saw the launch of the Knowledge Hub, which provides centralised access and search functionality for 10,000 resources from IChemE's publications, including historic journals issues, policy consultations and incident reports.

The migration to IChemE's new Contact Relationship Management (CRM) system began in September. This new home for the membership database is the vital tool which over time will help to improve direct communications with members and IChemE's customers. It is also the key system that enables the integration of other IChemE systems which will lead to better functionality and interaction with the IChemE website. Progress was also made on upgrading the Institution's finance and membership application systems so that they can fully integrate with the CRM. Further improvements to the CRM will be made during 2021 to enable improved functionality to be developed thereby enhancing the user experience.

IChemE also extended its common platforms, including SharePoint and MS Teams, to enable employees and members to share documents in a secure GDPR compliant area and improve online meetings.

To deliver a coherent business architecture and governance structure, new member-led panels and committees were created to oversee IChemE's regional engagement activity, finances, and governance.

As part of the Business Architecture Programme, IChemE also initiated changes to the Member Group structure in Malaysia that will improve consistency and compliance. The new structure will establish the member group in Malaysia as an IChemE branch transitioning from the current independent Society in early 2021. In September, the South African Institution of Chemical Engineers (SAIChE) confirmed as a part of the same programme that it preferred to retain independence rather than become an IChemE Branch. This will require a new relationship to be established during the course of 2021.

As the Institution works towards ISO9001 compliance, IChemE's Publications team became the first department to achieve ISO9001 certification, spearheading a wider push for improved process across the organisation.

IChemE employees were able to respond swiftly and effectively to COVID-19 lockdown, due to the prior investment in online resources. All offices quickly converted to virtual working practices whilst seamlessly continuing to provide services. This was aided by the flexibility and resilience of employees and support from members. Processes, policies and an employee COVID-19 survey were developed and implemented to ensure employees had effective resources and equipment, as well as regular communication to support working at home and their mental health.

Moreover, employee engagement initiatives and training were rolled out in 2020 to help broaden the internal skills base, including mental health first-aiders, resilience and wellbeing, and equal opportunities. A staff survey was also re-established with the results from this and focus groups formulating an employee engagement plan for 2021.

Plans for the future

The key activities to deliver against each of the strategic aims are set out as follows:

Aim 1: Respected for professionalism and technical competence

We will promote professional and technical competence by:

- accrediting educational programmes
- maintaining relevant qualifications
- assessing and promoting member competence
- supporting ongoing skills development

Aim 2: Recognised as a vibrant learned society that materially impacts on the Global Grand Challenges

We will advance Chemical Engineering by:

- developing an authoritative voice
- promoting innovation
- developing technical guidance and standards
- promoting good practice

Aim 3: Acknowledged as an Institution of choice in which an engaged membership receives and adds value

We will improve understanding and engagement by:

- promoting chemical engineering's contribution to society
- educating future generations
- promoting diversity and inclusion
- encouraging collaboration
- Securing member engagement

Aim 4: Known as a high-performing organisation delivering significant value

We will enhance capability and performance by:

- embracing digitalisation
- optimising governance structures
- maintaining financial security
- developing organisational capability

Financial Review

The financial statements for the year ended 31 December 2020 are set out on pages 22 to 41.

The charity only financial statements incorporate the results of the UK and Australian charitable operations.

The consolidated financial statements include the results of the Institution's UK trading subsidiary, IChemE Ltd, and the charitable activities of the Institution's subsidiaries in Malaysia, New Zealand and Singapore.

Unrestricted funds

Total group income for the year was £7,047,000 (2019: £7,954,000). The principal sources of income were:

- Membership subscription and accreditation fees totalling £3,939,000 (2019: £3,907,000).
- Within the Learned Society activity, training courses generated income of £889,000 (2019: £1,730,000). The training course activity, which had previously been offered predominantly as physical events, was severely impacted by the Covid-19 pandemic. The commercial team, together with the course directors, worked quickly to translate the physical events to online modules running 57 courses between April and December 2020.
- Income from journals and publications was £1,071,000 (2019: £989,000), and a further £199,000 (2019: £723,000) was received from conferences, seminars and events. The impact of Covid-19 was also felt in this area as it was not possible to hold the conferences and events physically. However, the annual Hazards conference and the Awards events did go ahead and were successfully converted to virtual events with positive feedback from participants.
- Income from the Institution's knowledge communities, which includes company subscriptions to the IChemE Safety Centre and Special Interest Group activity was £317,000 (2019: £372,000). Other income, generated from collaboration with other entities, was £7,000 (2019: £8,000).
- Funding from various government support schemes in response to the Covid-19 pandemic was available to the Institution during 2020. At the start of the pandemic, 10 staff members in the UK were placed on furlough for a period of 3-5 months with £72,000 being claimed from the UK government's Coronavirus Job Retention Scheme. Further funding of £114,000 was available from the local government wage subsidy schemes for the staff based in Australia, New Zealand and Malaysia. The total funding of £186,000 received in 2020, is shown as income on the Statement of Financial Activities under the heading 'exceptional government funding'.
- The income of the Institution's trading subsidiary IChemE Ltd, which is generated mainly through the sale of advertising space in the Institution's magazine, was £155,000 (2019: £148,000).
- A further instalment of £230,000 (2019: *£nil*) was received from the legacy originally notified to the Institution in December 2017. A final sum of money is still due to be paid from the former member's estate, which at the point of signing the accounts is unknown in terms of value and payment date. There were no donations received in 2020 (2019: £29,000).
- Dividends and interest on the Institution's investment portfolio was £54,000 (2019: £77,000).

Total group expenditure for the year was £6,956,000 (2019: £8,066,000). This includes expenditure of £321,000 (2019: £344,000) on the IT Transformation Programme to be funded from the designated fund. Details of the designated fund are set out in note 16 to the financial statements. Overall expenditure for the year decreased as a result of the lower cost base of running online or virtual training courses and events, holding the majority of trustee and committee meetings virtually, and other cost saving measures put in place to counter the fall in income as a result of the pandemic.

The Institution's wholly owned trading subsidiary, IChemE Ltd, achieved an operating profit of £82,000 (2019: £59,000), which has been gift aided to the Institution. The results of the UK trading subsidiary and of the subsidiary undertakings in Malaysia, New Zealand and Singapore are set out in note 2 to the financial statements.

Net income, before gains on investments funds, was £91,000 (2019: *net expenditure* £112,000). Gains on investments for the year were £367,000 (2019: £491,000) resulting in an overall net income of £458,000 (2019: £379,000).

After the transfer between unrestricted and restricted funds of £29,000 (2019: £30,000) and other recognised gains or losses; actuarial loss on the defined benefit pension scheme of £1,316,000 (2019: £1,256,000); as well as exchange gains on the retranslation of the balance sheets of the foreign branches and subsidiaries of £136,000 (2019: losses £76,000), the unrestricted fund balance at year end decreased by £693,000 (2019: £923,000) to £986,000 (2019: £1,679,000).

Restricted funds

Restricted funds are income funds that can only be used for specific purposes which have been specified by the donor, or by the terms applied to an appeal for funds.

The net expenditure in restricted funds was £57,000 (2019: net income £17,000). A further £29,000 (2019: £30,000) was transferred from restricted to unrestricted funds, representing the staff support costs for the running of the funds. The total restricted fund balance at year end was £1,239,000 (2019: £1,305,000). The movement in restricted income funds is set out in note 15 to the financial statements.

Investment policy and powers

The investment policy adopted by the Trustees is to achieve a target return of CPI + 3% over a 5-year rolling basis and over a rolling 3-year period to achieve a minimum return of CPI. The Institution's investment objective remains to achieve long term capital growth with income.

The investment portfolio is split between Rathbones Investment Management Limited and Ruffer LLP. Both organisations are working to this investment policy and apply their individual judgement for asset allocation and investment selection to achieve the investment objective.

During the year, the investment funds received £54,000 (2019: £77,000) in interest and dividends, and incurred management fees of £55,000 (2019: £54,000). The funds generated unrealised gains of £367,000 (2019: £491,000). The total return for the year, taking into account all income, management fees and market value movements, was an increase of 6.4% (2019: 9.4%).

No disinvestments were made from the funds in 2020 (2019: *£nil*). All income received during the year has been re-invested.

The Institution's investments are recorded at market value. The market value of the investment portfolio at 31 December 2020 was £6,090,000 (2019: £5,724,000). The gains and losses on revaluation have been transferred to the Statement of Financial Activities.

Investments are held in accordance with the By-laws of the Institution. The Trustees have the power to invest all monies not immediately required for operational activities as it sees fit and to appoint advisers to make such investments on its behalf.

IChemE continues to use the services of an independent financial advisor to review and monitor the investment portfolio. The performance of the funds was formally reviewed by the Finance & HR Committee throughout the year.

Reserves policy

The Finance and HR Committee reviews the Institution's reserves policy and level of reserves held on an annual basis. The Committee considers all relevant information including the three-year budget and business plan, the strategic plan and the risks identified in the risk register.

The current reserves policy adopted by the Trustees is to hold free reserves equivalent to the level of committed costs plus a margin of 10%. This level of reserves is considered appropriate to demonstrate appropriate financial management of the Institution and to ensure the financial stability of the Institution in periods where there is a short to medium term shortfall in operating income. For 2020, the level of reserves required to meet this policy was £3,700,000.

The level of unrestricted reserves freely available at the year-end was £5,272,000 (2019: £4,924,000).

Unrestricted free reserves exclude the designated fund of £835,000 (2019: £656,000), fixed asset reserves of £798,000 (2019: £885,000) and are stated before taking account of the pension-funding deficit of £5,919,000 (2019: £4,875,000) calculated under FRS 102. Due to the extremely long-term nature of the pension reserve, the unrestricted reserves freely available are considered a more appropriate measure.

The current level of reserves held is in excess of the policy. The Trustees are comfortable holding excess reserves due to:

- the investment required to meet Strategy 2024, some of which may require funding from reserves;
- the potential decline in the market value of the investment funds due to uncertainty in the investment market;
- to protect the Institution against fluctuating income levels;
- the defined benefit pension scheme liabilities could increase further, with the results of the next triennial valuation expected in 2021.

Recognising the long-term nature of the liability, the Trustees are fully committed to the continuing support of the Defined Benefit Pension Scheme and working closely with the Pension Scheme Trustees when considering the triennial valuation results and in setting any recovery plan to eliminate the deficit in the Scheme. The contributions paid into the Scheme are included in the Institution's annual budgeting process to ensure, where possible, they are covered from operational activity rather than drawn down from reserves. The Trustees also work closely with the Pension Scheme Trustees to look at ways that the Scheme could be de-risked further, having already been closed to new members and future accruals and having utilised a Liability Driven Investment structure.

It is anticipated that the next triennial valuation, due in 2021, will show an increase in the deficit position of the Scheme. This is mainly due to the increase in the value of the Scheme liabilities as a result of the fall in the gilt yield since the last triennial valuation. The Trustees will seek their own actuarial advice as part of the process where necessary.

Further information on the Defined Benefit Pension Scheme can be found in note 21 below.

In 2018, the Trustees agreed to set aside £1,000,000 as a designated fund for an IT Transformation Programme to run over a two-to-three-year period. A transfer of £1,000,000 was made from general funds to designated funds in December 2018 to be allocated against the Programme in 2019 to 2021. The purpose of the Programme is to modernise the provision of IT services and platforms, and to address a number of risks by moving business applications off premise and into the cloud.

Expenditure of £321,000 (2019: £344,000) was incurred on the Programme in 2020. The budget, scope and timeline for the Programme is being closely managed and based on current estimates will be delivered as planned and in line with the original designation.

Having built the foundations of the Institution's IT, business systems and procedures in the first phase of work, a further £500,000 was transferred to designated funds in December 2020. This second phase of work will enable further enhancements to be made to the new business applications and to start to deliver the digitalisation of services to members.

The total funds held at year end, after taking into account the pension-funding deficit, amounted to £2,225,000 (2019: £2,984,000). The total fund balance includes restricted funds of £1,239,000 (2019: £1,305,000).

The Trustees have considered the level of reserves held at year end and believes they are sufficient to protect it from risk of insolvency or serious disruption to its work.

Structure, Governance and Management

Governing Document

The Institution of Chemical Engineers was founded in 1922 and incorporated by Royal Charter in 1957.

The governing documents under which the Institution operates comprise the Royal Charter, as amended, the By-laws of the Institution, and Regulations made from time to time by the Board of Trustees, which is the Institution's governing body.

The Institution is a registered charity in England & Wales and a charity registered in Scotland.

Appointment of Trustees

The Board of Trustees are elected in accordance with the Royal Charter and By-laws and is comprised of the following roles:

- President
- Deputy President
- Immediate Past President
- Honorary Treasurer
- three Vice-Presidents
- three ordinary members
- two regional members

The Honorary Officers, consisting of the President, Deputy President, Immediate Past President and Honorary Treasurer, are elected annually. Those eligible for election as President shall be the Deputy President or, if in the opinion of the Board of Trustees special circumstances exist, a Fellow. The person eligible as Immediate Past President shall be the retiring President. Those eligible for Honorary Treasurer shall be as determined by the Nominations Committee.

The Vice-Presidents, ordinary members and regional members of the Board shall be elected for a term not exceeding three years nor less than one year.

Trustee induction and training

All new Trustees receive an induction pack including the By-laws and Regulations of the Institution, recent minutes of meetings, and the relevant Charity Commission publications outlining their roles and responsibilities as a Charity Trustee. An annual Trustee induction day is held for all new and existing Trustees to get an oversight of the structure of the Institution and its activities.

Trustees have a legal duty to avoid conflicts of interest so that they can focus exclusively on the best interests of the Institution. The Institution maintains a register of interests, which is updated annually or when any changes are reported by Trustees. Procedures are in place for managing conflicts of interest that may arise during Trustee meetings.

Institution structure

The Board of Trustees is the governing body of the Institution and has ultimate responsibility for providing strategic direction and for ensuring that the charitable objects set out in the governing document are met. The Board of Trustees meets formally at least five times a year to review performance against these objects.

Congress is the representative advisory body serving as a link between the Institution's members and the Board of Trustees. Congress consists of up to forty members, all members of the Institution, who are nominated and elected by their peers from a functional or geographical college. The functional college consists of up to 15 representatives to broadly reflect the Institution's membership across the various grades. The regional college consists of up to 25 representatives to reflect the geographical footprint of the Institution's membership. Congress members are elected for a term of three years, renewable up to a maximum term of six years.

The Congress Steering Group is responsible for the oversight and facilitation of the conduct of Congress and the engagement of Congress members. The Steering Group consists of the Congress Chair, Vice-Chair, the Chief Executive and a designated Trustee lead.

Congress holds up to six sessions a year, five of which will be held as online open forums and each lasting up to thirty days. The agenda for the sessions is determined by the Chair of Congress in consultation with the Congress Steering Group.

The Chief Executive is appointed by the Board of Trustees and has delegated authority for the day-to-day operation of the Institution, its branches and subsidiary undertakings. The Chief Executive is supported by the Senior Management Team.

The Board of Trustees are the registered Trustees of IChemE's branch in Australia, which is registered with the Australian Charities and Not-for-profits Commission. The branch has a National Board to advise the Trustees on how IChemE's strategy can be delivered locally.

The Institution's operations in Malaysia, New Zealand and Singapore, each have their own National Boards operating under delegated authority from the Board of Trustees and in compliance with local regulatory requirements.

The Institution has a wholly owned trading subsidiary in the UK, IChemE Ltd, established to operate the sale of advertising space in the Institution's journals and publications. The company gift aids its taxable profits to the Institution.

In addition to Congress and the local National Boards, there are a number of standing Committees operating under delegated authority from the Board of Trustees which have been established to facilitate the operation of the charity. These consist of:

- Qualifications Committee
- Learned Society Committee
- Regions Committee
- Governance Panel
- Finance & HR Committee
- Audit and Risk Committee
- Succession Planning Committee
- Nominations Committee
- Disciplinary Committee
- Appeals Committee
- Professional Conduct Pool

The Terms of Reference, which include the delegated powers and membership of these Boards, Committees and Panels are set by the Board of Trustees and reviewed regularly.

The Institution also has an extensive network of National, Regional and Special Interest Groups enabling members to get involved in the Institution's activities. Each group has its own committee, made up of members of the Institution, who meet regularly throughout the year. The activities conducted by the Groups include technical meetings, continuing professional development, school liaison visits, and networking events.

Staff participation is encouraged at all levels in the making of decisions which affect the Institution's management and future development. Formal meetings are held to update all staff on the Institution's activities and other emerging issues.

Volunteers

All Trustees and the various members of boards, committees and panels give their time on a voluntary basis. The voluntary effort and contribution on the part of the members is at the heart of the Institution's success.

Fundraising

The Institution does not actively undertake any fundraising activities from the general public or use the services of professional fundraisers or commercial participators.

The Institution is not bound by any regulatory scheme and is not subject to any voluntary code of practice regulating fundraising.

No complaints have been received by the Institution in relation to fundraising activities.

Remuneration policy for key management personnel

The Institution considers its key management personnel to comprise the Board of Trustees, the Chief Executive and the Senior Management Team. All Trustees give their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses and related party transactions can be found in note 8 and 17 to the accounts.

The pay of the Chief Executive and Senior Management Team is set by the Finance & HR Committee in line with the Institution's Remuneration Policy.

The Institution is committed to ensuring that it pays its staff fairly and in a way which ensures it attracts and retains appropriately qualified staff to lead, manage, support and deliver the Institution's charitable objects.

The objective of the Policy is to ensure that the Chief Executive and staff team are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Institution.

The Committee secure professional advice where appropriate to establish appropriate benchmark levels for each position or group of positions. These benchmark rates are reviewed regularly. When inflation is relatively low this review may not be annual and so an interim inflationary adjustment to the benchmark salary level may be made.

The Institution does not employ interns without pay and it complies with the living wage for all staff.

In addition to financial remuneration, the Institution seeks to provide staff with a supportive working environment and wherever possible works to promote the wellbeing of staff and satisfactory work-life balance.

The appropriateness and relevance of the Remuneration Policy is reviewed annually by the Committee.

Risk management

The Trustees are responsible for overseeing risk management across the organisation and for maintaining a sound system of internal control that supports the achievement of its strategic aims and objectives. The Audit & Risk Committee is responsible for assessing the effectiveness of risk management and internal controls across the organisation, and for reviewing the Institution's risk policy on an annual basis.

A strategic and operational risk register is maintained by the Senior Management Team and is formally reviewed on a quarterly basis. A change risk register is overseen by the Future Institution Transformation (FIT) Board. The risk registers capture the types of risk internally and externally, prioritises them in terms of potential impact, likelihood and reputational impact, and identifies means of mitigating those risks or minimising the impact on the Institution should those risks materialise. Both the senior executive team and the FIT Board regularly review the classification of the risks and the effectiveness of the control measures. The Audit & Risk Committee regularly review the risk registers, concentrating on the significant strategic risks and their control measures.

The business planning and budgeting cycle is used to set objectives for the following three years, agree action plans, allocate resources, and to identify new risks or changes in existing risks or their control measures. Progress towards meeting the objectives and annual budget is monitored on a monthly basis by the Senior Management Team.

The Trustees receive an annual report from the Audit & Risk Committee highlighting the top strategic and operational risks. Key changes in risk items will also be reported to the Trustees as required.

The top risks identified in 2020 which could impact the delivery of the strategy are listed below. During 2020, extensive work was carried out to review these risks and embed effective risk management across the organisation. This work will be built upon in 2021 when the launch of a new cloud-based system to manage risks will be introduced and will be used to improve and embed risk management within day-to-day decision making.

Risk	Control and Mitigation Measures
The Business Plan is not achievable or affordable	Clear prioritisation has been undertaken and effectively communicated to staff, members and stakeholders. Since the launch of the 2021 Business Plan, all key Change activity has been grouped together to ensure resource conflicts and inter-dependencies are managed.
We are not able to deliver on the agreed priorities aligned to the Strategy	Gap analysis conducted on existing activities vs the aims of the strategy. Business case being developed to address any gaps identified within the Future Information Transformation Programme (FIT Phase 2).
ICHEM is not valued by individuals and/or organisation	Run annual membership engagement survey with the services of an external research company to ensure appropriate and effective questioning, and to benchmark performance against other similar organisations. In addition, run smaller consultations and surveys with targeted groups of members and other stakeholders. Develop better understanding of member engagement with our new CRM system.
Membership lacks diversity and growth	Run a full calendar of marketing communication activities to help existing members progress through a range of membership grades and to recruit new members. Specific campaigns targeting students, early careers and members needing support with skills transition to be developed during 2021. Increased focus on diversity through our volunteer engagement programme and the development of a formalised ED&I positioning statement.

IChemE staff, members, volunteers do not support transformation	Develop as part of the Future Institution Transformation Programme (FIT Phase 2) a cohesive and coherent approach to Stakeholder communications that consistently makes the case for change.
Lose the ability to qualify members	Address any weaknesses in existing processes as part of the replacement Application System, then review further as part of the planned enhancements to this system to be delivered by Q2 2022. Close relationships and engagement with the Regulators to ensure ongoing compliance is fully understood.
Insufficient volunteers to deliver the vision of being member led	Through the Volunteer Engagement Programme, develop and deliver a cohesive and coherent approach to Volunteer Engagement and Volunteer Management; identify all volunteering roles, put in place process for succession planning, advertise volunteering opportunities more visibly and put in place a mechanism to recognise our volunteers.
Governance structures do not provide leadership and decision making	Governance Panel established in 2020. Committee / Panel structure to continue to be reviewed and Scheme of Delegation to be put in place. Continue with the roll out of the Business Architecture programme of work. Establish consistent model for project governance that conforms to best practice.
Defined Benefit Pension Scheme becomes a disproportionate financial burden and/or unable to reach agreement with Pension Scheme Trustees on recovery plan	Next triennial valuation due in 2021. Maintain regular dialogue with Pension Scheme Trustees. Demonstrate strength of employer covenant. Seek independent actuarial advice where necessary.

The Trustees are satisfied that reasonable steps are being taken to limit the probability and the impact of risk.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Charity 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 group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then applies them consistently.
- make judgements and estimates that are reasonable and prudent.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Institution will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 22 April 2021 and signed on its behalf by:



Prof SM Richardson
President



Mr IJ Martin
Honorary Treasurer

Davis Building
165-189 Railway Terrace
Rugby
CV21 3HQ

Independent Auditor's Report to the Trustees of the Institution of Chemical Engineers

Opinion

We have audited the financial statements of the Institution of Chemical Engineers (the 'charity')/(the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise Consolidated and Charity Statements of Financial Activities, the Group and Charity Balance Sheets, the Group and Charity Cash Flow Statements 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 group's and parent charity's affairs as at 31 December 2020 and of the group's and parent charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

Basis for opinion

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 151 of the Charities Act 2011 and report in accordance with regulations made under those Acts.

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charity'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, 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 this gives rise to 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 18 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk 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 and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and parent charity operate in and how the group and parent charity are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2011, the parent charity's governing document and tax legislation.

We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection Regulation (GDPR). We performed audit procedures to inquire of management and those charged with governance whether the group/charity is in compliance with these law and regulations and read minutes.

The audit engagement team identified the risk of management override of controls and as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



RSM UK Audit LLP

Statutory Auditor
St Philips Point
Temple Row
Birmingham
B2 5A

Date: 5 May 2021

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

Consolidated statement of financial activities for the year ended 31 December 2020

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000
INCOME							
Donations & legacies	3	230	-	230	-	29	29
Charitable activities:	4						
Qualifying Chemical Engineers		3,939	-	3,939	3,907	-	3,907
Operating a Learned Society for Chemical Engineers		2,483	20	2,503	3,822	25	3,847
Exceptional government funding		186	-	186	-	-	-
Other trading activities:							
Trading operations	2	155	-	155	148	-	148
Investments	5	54	-	54	77	-	77
TOTAL INCOME		7,047	20	7,067	7,954	54	8,008
EXPENDITURE ON							
Raising funds:							
Trading operations	2	(73)	-	(73)	(89)	-	(89)
Investment management costs		(55)	-	(55)	(54)	-	(54)
Charitable activities:	6						
Qualifying Chemical Engineers		(2,848)	-	(2,848)	(3,020)	-	(3,020)
Operating a Learned Society for Chemical Engineers		(3,980)	(57)	(4,037)	(4,903)	(37)	(4,940)
TOTAL EXPENDITURE		(6,956)	(57)	(7,013)	(8,066)	(37)	(8,103)
Net gains / (losses) on investments	11	367	-	367	491	-	491
NET INCOME / (EXPENDITURE)		458	(37)	421	379	17	396
Transfer between funds	15	29	(29)	-	30	(30)	-
Other recognised gains / (losses):							
Actuarial (losses) / gains on defined benefit pension schemes	21	(1,316)	-	(1,316)	(1,256)	-	(1,256)
Exchange gains / (losses) arising from retranslation of foreign branches & subsidiaries		136	-	136	(76)	-	(76)
NET MOVEMENT IN FUNDS		(693)	(66)	(759)	(923)	(13)	(936)
Fund balances brought forward at 1 January		1,679	1,305	2,984	2,602	1,318	3,920
Fund balances carried forward at 31 December		986	1,239	2,225	1,679	1,305	2,984

The results relate to the continuing activities of the Institution. The group has no recognised gains or losses other than the net movement in funds for the year.

The notes on pages 26 to 41 form part of these financial statements.

Charity statement of financial activities for the year ended 31 December 2020

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Unrestricted Funds Restated £000	Restricted Funds Restated £000	Total 2019 Restated £000
INCOME							
Donations & legacies	3	230	-	230	-	29	29
Gift aid from subsidiary company	2	82	-	82	59	-	59
Charitable activities:	4						
Qualifying Chemical Engineers		3,794	-	3,794	3,762	-	3,762
Operating a Learned Society for Chemical Engineers		2,482	20	2,502	3,661	25	3,686
Exceptional government funding		179	-	179	-	-	-
Investments	5	54	-	54	77	-	77
TOTAL INCOME		6,821	20	6,841	7,559	54	7,613
EXPENDITURE ON							
Raising funds:							
Investment management costs		(55)	-	(55)	(54)	-	(54)
Charitable activities:	6						
Qualifying Chemical Engineers		(2,786)	-	(2,786)	(2,938)	-	(2,938)
Operating a Learned Society for Chemical Engineers		(3,923)	(57)	(3,980)	(4,734)	(37)	(4,771)
TOTAL EXPENDITURE		(6,764)	(57)	(6,821)	(7,726)	(37)	(7,763)
Net gains / (losses) on investments	11	367	-	367	491	-	491
NET INCOME / (EXPENDITURE)		424	(37)	387	282	(13)	269
Transfer between funds	15	29	(29)	-	30	(30)	-
Other recognised gains / (losses):							
Actuarial (losses) / gains on defined benefit pension schemes	21	(1,316)	-	(1,316)	(1,256)	-	(1,256)
Exchange gains / (losses) arising from retranslation of foreign branches & subsidiaries		130	-	130	(72)	-	(72)
NET MOVEMENT IN FUNDS		(733)	(66)	(799)	(974)	(13)	(987)
Fund balances brought forward at 1 January		1,502	1,305	2,807	2,476	1,318	3,794
Fund balances carried forward at 31 December		769	1,239	2,008	1,502	1,305	2,807

Balance sheets at 31 December 2020

	Note	Group 2020 £000	2019 £000	Charity 2020 £000	2019 £000
Fixed assets					
Tangible assets	10	798	885	798	884
Investments	11	6,090	5,724	6,090	5,724
		<u>6,888</u>	<u>6,609</u>	<u>6,888</u>	<u>6,608</u>
Current assets					
Debtors	12	666	794	739	918
Cash at bank and in hand		2,819	3,027	2,521	2,628
		<u>3,485</u>	<u>3,821</u>	<u>3,260</u>	<u>3,546</u>
Creditors: Amounts falling due within one year	13	<u>(2,229)</u>	<u>(2,661)</u>	<u>(2,221)</u>	<u>(2,562)</u>
Net current assets		<u>1,256</u>	<u>1,160</u>	<u>1,039</u>	<u>984</u>
		<u>8,144</u>	<u>7,769</u>	<u>7,927</u>	<u>7,592</u>
Pension scheme funding deficit	21	<u>(5,919)</u>	<u>(4,785)</u>	<u>(5,919)</u>	<u>(4,785)</u>
Total net assets after pension deficit		<u>2,225</u>	<u>2,984</u>	<u>2,008</u>	<u>2,807</u>
Income Funds					
Unrestricted funds					
General funds		6,070	5,808	5,853	5,631
Designated funds	16	835	656	835	656
Pension reserve	21	(5,919)	(4,785)	(5,919)	(4,785)
		<u>986</u>	<u>1,679</u>	<u>769</u>	<u>1,502</u>
Restricted funds	15	<u>1,239</u>	<u>1,305</u>	<u>1,239</u>	<u>1,305</u>
Total funds		<u>2,225</u>	<u>2,984</u>	<u>2,008</u>	<u>2,807</u>

These financial statements were approved by the Board of Trustees and authorised for issue on 22 April 2021.

Stephen Richardson

Prof SM Richardson
President

IJ Martin

Mr IJ Martin
Honorary Treasurer

Consolidated cash flow statement for the year ended 31 December 2020

	<i>Note</i>	2020 £000	2019 £000
Cash flows from operating activities	19	(323)	223
Cash flows from investing activities:			
Dividends and interest from investments	5	54	77
Purchase of fixed asset investments	11	(54)	(77)
Disposal of fixed asset investments	11	-	-
Purchase of furniture and equipment	10	-	-
Net cash provided by / (used in) investing activities		-	-
Change in cash and cash equivalents in the reporting period		(323)	223
Cash and cash equivalents at the start of the reporting period		3,027	2,889
Change in cash and cash equivalents due to exchange rate movements		115	(85)
Cash and cash equivalents at the end of the reporting period		2,819	3,027

Charity cash flow statement for the year ended 31 December 2020

	<i>Note</i>	2020 £000	2019 £000
Cash flows from operating activities	19	(113)	195
Cash flows from investing activities:			
Dividends and interest from investments	5	54	77
Purchase of fixed asset investments	11	(54)	(77)
Disposal of fixed asset investments	11	-	-
Purchase of furniture and equipment	10	-	-
Net cash provided by / (used in) investing activities		-	-
Change in cash and cash equivalents in the reporting period		(113)	195
Cash and cash equivalents at the start of the reporting period		2,628	2,444
Change in cash and cash equivalents due to exchange rate movements		6	(11)
Cash and cash equivalents at the end of the reporting period		2,521	2,628

Notes forming part of the financial statements for the year ended 31 December 2020

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)); and the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The financial statements are presented in Sterling (£) and are rounded to the nearest thousand pounds.

The Institution meets the definition of a public benefit entity as defined by FRS 102.

Preparation of the accounts on a going concern basis

The Trustees have assessed whether the use of a going concern basis is appropriate when preparing these financial statements and have concluded that there are no material uncertainties about the Institution's ability to continue as a going concern.

In arriving at this decision, the Trustees have taken into account the groups financial performance during 2020, including the impact of the Covid-19 pandemic, together with the budgets and cashflow predictions for the next three-year period which demonstrates that the Institution has sufficient cash reserves to continue to meet liabilities as they fall due.

The principal accounting policies adopted by the Institution are set out below:

Basis of consolidation

The financial statements consolidate the financial statements of the UK and Australian charitable bodies, its wholly owned UK trading subsidiary IChemE Ltd and its not-for-profit subsidiaries IChemE in Malaysia, IChemE in New Zealand and IChemE in Singapore Ltd, by virtue of the control exercised by the charity. The results of the subsidiaries are consolidated on a line-by-line basis. The results of the subsidiaries are summarised in note 2 of the financial statements.

Income

Income is recognised when the Institution has entitlement to the income, any performance conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Donations are recognised when the Institution has entitlement to the funds, it is probable that the income will be received, and the amount can be measured reliably. When donors specify that donations are to be used for a specific purpose, they will be included in income as a restricted fund when receivable.

Legacy gifts are recognised on a case-by-case basis following the granting of probate when the administrator of the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Subscriptions and events income are accounted for in the year to which they apply. Subscription income received during the year that relates to a subsequent financial accounting period is carried forward as a creditor in the balance sheet and shown as deferred income.

Interest and dividends on investments are accounted for when receivable.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal and constructive obligation committing the Institution to the expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

1 Accounting policies (continued)

All expenditure is included in the statement of financial activities on an accruals basis.

Expenditure is recorded net of value added tax unless irrecoverable.

All expenditure, including support costs, are allocated or apportioned to the applicable expenditure headings in the statement of financial activities.

Allocation of support and governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

Governance and support costs relating to charitable activities have been apportioned on the basis of staff costs associated with each activity. The allocation of support and governance costs is analysed in note 7.

Operating leases

Operating lease rentals are charged to the statement of financial activities on a straight-line basis over the terms of the lease.

Tangible fixed assets and depreciation

Fixed assets are recorded at cost or valuation, net of depreciation and any provision for impairment. Expenditure on individual fixed assets costing over £2,500 is capitalised.

Depreciation is charged on a straight-line basis to write off the cost or valuation less the estimated residual value of assets over their estimated useful lives as at the following rates:

Freehold buildings	-	5%
Leasehold buildings	-	20%
Office equipment	-	15%
Computer software	-	33%

Freehold land is not depreciated.

Freehold property at Rugby was valued on the basis of open fair value for their existing use by Chartered Surveyors in 1999. Depreciation is charged on the building element of property at Rugby at the rate of 5% per annum.

Investments

Fixed asset investments are initially recorded at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing bid price. The statement of financial activities includes the net gains or losses arising on revaluation and disposals throughout the year.

Realised gains or losses on investments are calculated as the difference between the sales proceeds and their fair value at 31 December (or historical cost if purchased within the year). Unrealised gains or losses are derived from the movement in fair values during the year.

The Institution does not acquire put options, derivatives or other complex financial instruments.

Fund accounting

The Institution has different types of funds which require separate disclosure. These are as follows:

- **Restricted income funds**

These are earmarked by the donor for specific purposes within the overall aims of the Institution. The income generated must be used in accordance with the specific purpose.

- **Unrestricted funds**

Unrestricted funds comprise funds which are expendable at the discretion of the Board of Trustees in connection with the objects of the Institution. Designated funds comprise unrestricted funds that have been set aside by the Trustee for a particular purpose.

Foreign exchange gains and losses

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken through the statement of financial activities.

1 Accounting policies (continued)

Pension costs

Employees of the charity are entitled to join a group personal pension plan. This is a defined contribution pension scheme with assets held in the names of the individual members. The charity contribution is restricted to the contributions disclosed in note 21. The costs of the defined contribution scheme are included within staff costs and are charged to the statement of financial activities in the year in which they become payable.

The charity also operates a defined benefit pension scheme. The scheme was closed to new members and future service accruals in 2006. The assets of the scheme are held separately from those of the Institution in an independently administered fund.

The difference between the fair value of the assets held in the defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the balance sheet as a pension asset or liability as appropriate. Changes in the defined pension scheme asset or liability arising from factors other than cash contribution by the Institution are charged to the Statement of Financial Activities in accordance with FRS 102.

Provisions

Provisions are recognised when the Institution has a present obligation, legal or constructive, as a result of a past event, it is probable that the Institution will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Financial instruments

Financial assets, other than fixed asset investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and underlying assumptions are continually reviewed.

The following are critical judgements that the Trustees have made in the process of applying the Institution's accounting policies:

- determining whether leases entered into by the group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 10). Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of these assets are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as life cycle and maintenance programmes are taken into account. Residual value assessments consider issues such as the remaining life of the asset and project disposal values.
- Trade debtors (see note 12). At each reporting date, trade debtors are assessed for recoverability. If there is any evidence of impairment, the carrying amount of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in the income statement.
- Pensions costs (see note 21). The defined benefit pension scheme obligations are based on actuarial assumptions such as discount rate, the expected rate of return on scheme assets, and mortality rates, which are extensively detailed in note 21.

2 Results of subsidiaries

The summary financial performance and position of the subsidiaries is shown below:

	IChemE Ltd	IChemE in Malaysia	IChemE in New Zealand	IChemE in Singapore Ltd	2020 Total	2019 Total
	£000	£000	£000	£000	£000	£000
Income	155	96	58	0	309	454
Expenditure	(73)	(70)	(48)	(2)	(193)	(339)
Net Income / Expenditure	82	26	10	(2)	116	115
Amount gift aided to the Institution	(82)	-	-	-	(82)	(59)
Retained in subsidiary	-	26	10	(2)	34	56

Balance sheets

	IChemE Ltd	IChemE in Malaysia	IChemE in New Zealand	IChemE in Singapore Ltd	2020 Total	2019 Total
	£000	£000	£000	£000	£000	£000
Fixed assets	-	-	-	-	-	1
Current assets	99	120	186	-	405	518
Current liabilities	(99)	(70)	(5)	(14)	(188)	(342)
Net current assets	-	50	181	(14)	217	176
Total net assets	-	50	181	(14)	217	177

IChemE Ltd (company number 2817128) is a company limited by shares, incorporated in the United Kingdom.

IChemE in Malaysia (PPM-026-14-23111988) is a registered society in Malaysia.

IChemE in New Zealand (society number 980425) is an incorporated society in New Zealand.

IChemE in Singapore Ltd (201523087E) is a company limited by guarantee in Singapore.

3 Income from donations and legacies

Group and Charity	2020 £000	2019 £000
Donations	-	29
Legacies	230	-
	230	29

4 Analysis of income from charitable activities

	Group		Charity	
	2020	2019	2020	2019
	£000	£000	£000	£000
Qualifying Chemical Engineers:				
Membership subscription and accreditation fees	3,939	3,907	3,794	3,762
Operating a Learned Society for Chemical Engineers:				
Journals & publications	1,071	989	1,071	989
Knowledge communities	317	372	317	368
Conferences, seminars & events	199	723	198	656
Provision of training	889	1,730	889	1,640
Other income	7	8	7	8
Subscriptions to technical centres (restricted funds)	20	25	20	25
Exceptional government funding:				
Coronavirus Job Retention Scheme (UK)	72	-	72	-
Government wage subsidy schemes (Non-UK)	114	-	107	-
	6,628	7,754	6,475	7,448

The Institution has been eligible to claim funding in the year from government support schemes in response to Covid-19. In the UK, 10 staff were furloughed for a period of 3-5 months under the government's Coronavirus Job Retention Scheme. Funding was also available from the local government wage subsidy schemes for the staff based in Australia, Malaysia and New Zealand. The funding relates to staff costs which are included within note 9 below.

5 Investment income

Group and Charity	2020	2019
	£000	£000
Interest receivable	2	2
Dividends receivable	52	75
	54	77

6 Analysis of expenditure on charitable activities

Group	Direct activity costs	Support costs	2020 Total	2019 Total
	£000	£000	£000	£000
Qualifying Chemical Engineers	1,800	1,048	2,848	3,020
Operating a Learned Society for Chemical Engineers	2,824	1,213	4,037	4,940
	4,624	2,261	6,885	7,960

Expenditure on charitable activities was £6,885,000 (2019: £7,960,000) of which £6,828,000 was unrestricted (2019: £7,923,000) and £57,000 was restricted (2019: £37,000).

Charity	Direct activity costs	Support costs	2020 Total	2019 Total
	£000	£000	£000	£000
Qualifying Chemical Engineers	1,773	1,013	2,786	2,938
Operating a Learned Society for Chemical Engineers	2,795	1,185	3,980	4,771
	4,568	2,198	6,766	7,709

6 Analysis of expenditure on charitable activities (continued)

Net income for the year is stated after charging / (crediting):

	Group		Charity	
	2020	2019	2020	2019
	£000	£000	£000	£000
Depreciation	87	90	86	89
Operating leases:				
Plant and machinery	9	16	9	16
Land and buildings	61	67	44	42
Exchange rate differences	(96)	8	(42)	(19)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7 Analysis of governance and support costs

Included within expenditure on charitable activities are governance and support costs amounting to £2,261,000 (2019: £2,426,000). These are analysed as:

	Group		Charity	
	2020	2019	2020	2019
	£000	£000	£000	£000
Staff costs	904	1,026	853	984
Finance	291	167	283	156
IT	505	446	501	440
Facilities & HR	506	585	508	576
Management	19	137	18	135
Governance costs	36	65	35	62
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2,261	2,426	2,198	2,353
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The governance and support costs have been apportioned across the charitable activities on the basis of staff time associated with each activity. The charge to each activity was as follows:

	Group		Charity	
	2020	2019	2020	2019
	£000	£000	£000	£000
Qualifying Chemical Engineers	1,048	1,146	1,013	1,106
Operating a Learned Society for Chemical Engineers	1,213	1,280	1,185	1,247
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2,261	2,426	2,198	2,353
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Analysis of governance costs:

	Group		Charity	
	2020	2019	2020	2019
	£000	£000	£000	£000
External audit	28	32	28	32
General meeting costs	4	14	4	13
Legal & professional fees	4	18	3	16
Governance reform	-	1	-	1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	36	65	35	62
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

8 Analysis of trustee remuneration and expenses

Group and Charity	2020 £000	2019 £000
Expenses paid to or on behalf of 5 (2019:13) Trustees in respect of travel, subsistence, and accommodation costs	4	46

The Trustees give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2019: £nil).

9 Analysis of staff costs and remuneration to key management personnel

The average monthly headcount for the group and charity during the year was 96 (2019: 99). The number of full-time equivalent persons employed by the group and charity during the year was as follows:

	Group		Charity	
	2020	2019	2020	2019
Qualifying Chemical Engineers	32	32	28	28
Operating a Learned Society for Chemical Engineers	35	36	34	34
Management and Administration	19	21	18	20
	86	89	80	82

The aggregate payroll costs of these persons were as follows:

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Wages and salaries	3,187	3,133	3,116	3,026
Social security costs	273	267	272	265
Pension scheme contributions	277	282	270	269
Defined benefit pension scheme operating costs	81	82	81	82
Employee benefits	45	40	45	40
	3,863	3,804	3,784	3,682

During 2020, £nil (2019: £31,000) was paid out as redundancy or termination payments.

The numbers of employees, including the Chief Executive, whose total employee benefits, excluding employer pension contributions, exceeded £60,000, fell within the following ranges:

	Group		Charity	
	2020	2019	2020	2019
£60,001 - £70,000	3	1	3	1
£70,001 - £80,000	1	1	1	1
£80,001 - £90,000	2	2	2	2
£90,001 - £100,000	1	1	1	1
£100,001 - £110,000	1	1	1	1
£190,001 - £200,000	1	-	1	-
£200,001 - £210,000	-	1	-	1

The number of employees who earned more than £60,000 for whom pension benefits are accruing under the defined contribution pension scheme is 6 (2019: 5). Contributions in respect of these employees amounted to £57,000 (2019: £53,000).

The Institution considers its key management personnel to comprise the Board of Trustees, the Chief Executive, and the Senior Management Team. The total employment benefits of 6 (2019: 5) key management personnel staff, including employer pension contributions and employer's national insurance, were £774,000 (2019: £662,000).

10 Tangible fixed assets

Group	Freehold Property	Short leasehold property	Office equipment	Computers	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At beginning of year	1,800	19	213	409	2,441
Additions	-	-	-	-	-
Disposals	-	-	(72)	(88)	(160)
At end of year	1,800	19	141	321	2,281
Depreciation					
At beginning of year	927	19	212	398	1,556
Charge for the year	76	-	1	10	87
Disposals	-	-	(72)	(88)	(160)
At end of year	1,003	19	141	320	1,483
<i>Net book value</i>					
At 31 December 2020	797	-	-	1	798
At 31 December 2019	873	-	1	11	885
Charity	Freehold Property	Short leasehold property	Office equipment	Computers	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At beginning of year	1,800	19	213	372	2,404
Additions	-	-	-	-	-
Disposals	-	-	(72)	(60)	(132)
At end of year	1,800	19	141	312	2,272
Depreciation					
At beginning of year	927	19	212	362	1,520
Charge for the year	76	-	1	9	86
Disposals	-	-	(72)	(60)	(132)
At end of year	1,003	19	141	311	1,474
<i>Net book value</i>					
At 31 December 2020	797	-	-	1	798
At 31 December 2019	873	-	1	10	884

Freehold property at 31 December 2020 includes land at valuation of £280,000 (2019 £280,000) which is not depreciated.

11 Fixed asset investments

Group and Charity	2020	2019
	£000	£000
Fair value at 1 January	5,724	5,210
Acquisitions at cost	1,875	1,866
Proceeds of disposals	(1,876)	(1,843)
Net gains / (loss) on revaluation	367	491
Fair value at 31 December	6,090	5,724
Historical cost at 31 December	3,720	3,721

All investments are carried at their fair value. An analysis of the fair value of the investments at 31 December 2020 is as follows:

Group and Charity	2020	2019
	£000	£000
Equities	3,478	3,428
Fixed Interest	1,079	1,349
Other	1,130	678
Cash	403	269

Investments in Subsidiaries

The Institution holds 2 shares of £1 each in its wholly owned trading subsidiary company IChemE Ltd which is incorporated in the United Kingdom. These are the only shares allotted, called up and fully paid.

IChemE in Singapore Limited, which is incorporated in Singapore, is a company limited by guarantee and is a wholly owned subsidiary of the Institution.

The activities and results of these companies are summarised in note 2.

A new private limited company was established in Malaysia in October 2020, IChemE Malaysia SDN. BHD. The Institution holds 100 shares of MYR 1 each in the wholly owned subsidiary. The company was dormant during 2020 with all IChemE activities in Malaysia transferring from the registered society, IChemE in Malaysia, to the private limited company with effect from 1 January 2021.

12 Debtors

	Group		Charity	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade debtors	246	238	175	192
Amount due from subsidiaries	-	-	156	244
Other debtors	27	32	38	29
Prepayments and accrued income	393	524	370	453
	666	794	739	918

13 Creditors: amounts falling due within one year

	Group		Charity	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade creditors	447	400	445	385
Amounts due to subsidiaries	-	-	13	-
Other creditors	427	376	427	376
Taxation and social security	118	106	116	100
Accruals	160	232	149	201
Deferred income	1,077	1,547	1,071	1,500
	2,229	2,661	2,221	2,562

Deferred income relates to annual subscriptions payments and events income which have been paid to the Institution in advance. All deferred income is released to the statement of financial activities in the following year.

14 Commitments

Total future commitments under non-cancellable operating leases are as follows:

Group	2020		2019	
	Land and buildings	Other	Land and Buildings	Other
	£000	£000	£000	£000
Amounts falling due:				
In less than one year	57	9	61	9
In the second to fifth years inclusive	32	17	88	25
Over five years	-	-	-	-
	89	26	149	34

Charity	2020		2019	
	Land and buildings	Other	Land and Buildings	Other
	£000	£000	£000	£000
Amounts falling due:				
In less than one year	46	9	42	9
In the second to fifth years inclusive	32	17	75	25
Over five years	-	-	-	-
	78	26	117	34

A first charge of £500,000 was placed on the freehold premises at Rugby in favour of the Defined Benefit Pension Scheme in March 2017.

15 Analysis of movements in restricted funds

Group and Charity	International Process Safety Group (IPSG)	Medals & Awards (MM Sharma / SIESO)	John Collier Memorial Fund	Andrew Legacy Fund	Total
	£000	£000	£000	£000	£000
At 1 January 2020	53	40	35	1,177	1,305
Income	20	-	-	-	20
Expenditure	(2)	(1)	-	(54)	(57)
Transfer between funds	(22)	-	-	(7)	(29)
At 31 December 2020	49	39	35	1,116	1,239

The IPSG funds relates to an industry funded technical centre which is administered in accordance with its Statute.

In 2018, the Institution received a donation of £13,000 from the JB Joshi Foundation which is to be used for the creation of a new award, to be known as the MM Sharma Medal, for excellence in the field of chemical engineering. An award of £1,000 will be made to the winner(s) of the medal, and the donation will also be used to fund administration expenses of up to £250 a year.

The SIESO Medal was launched early 2019 following a bequest of £29,500 from SIESO (a society that Shared Information and Experience for Safer Operation) which ceased operations in 2018. The medal seeks to raise awareness of process safety among science, business, and engineering students. It consists of an award of £750 and up to £250 in travel allowance to attend the presentation, and is awarded to one or more students for an excellent presentation on major accidents and learning outcomes.

The John Collier Memorial Fund seeks to have a two-yearly Lecture and Medal ceremony. The capital and the income generated are to be used to fund the award and lectures in perpetuity.

The Andrew Legacy Fund seeks to hold a medal lecture on the theme of ‘The Science of Formulation of Heterogeneous Catalysts’ and to support academic research in enhancing the science of formulation of heterogeneous catalysts. The medal and lecture are normally awarded every three years. The Institution has also set up the Andrew Fellowship which funds up to two early career researchers a year to undertake research in the field of Heterogeneous Catalysts. The Fellowship consists of a stipend of £10,000 a year plus £5,000 a year in expenses for a period of up to four years. Additionally, in 2020 the Institution agreed to fund the ‘Sydney Andrew PhD Scholarship in Multiscale Catalysis Research’ run by the University of Bath. Funding for the Scholarship has been agreed at £25,300 a year for the period 2020-2024.

16 Analysis of movements in unrestricted designated funds

Group and Charity	IT Transformation Programme	Institution Transformation Programme	Total
	£000	£000	£000
At 1 January 2020	656	-	656
Expenditure	(321)	-	(321)
Transfer between funds	-	500	500
At 31 December 2020	335	500	835

In 2018, the Trustees set aside £1,000,000 as a designated fund for an IT Transformation Programme to run over a two-to-three-year period. The Programme is made up of a number of projects to improve and modernise the Institution’s IT services and platforms, and to address a number of risks by moving business applications off premise and into the cloud.

A further £500,000 was designated in December 2020 for a second phase of work which will enable further enhancements to be made to the new business applications and to start to deliver the digitalisation of services to members.

17 Related party transactions

During the year recharges have been made between the charity and its subsidiary undertakings. These relate to direct costs and staff costs incurred by one party on behalf of the other, and for income collected by the overseas subsidiaries from members for third party registrations fees, journal subscription fees and benevolent fund donations. The net amount recharged was:

	Net amount recharged from / (to) the charity in the year		Balance outstanding at year end included in debtors / (creditors) for the charity	
	2020 £000	2019 £000	2020 £000	2019 £000
IChemE Ltd	27	32	82	90
IChemE in Malaysia	10	7	61	89
IChemE in New Zealand	4	9	(13)	18
IChemE in Singapore Ltd	2	2	13	12
	<u>43</u>	<u>50</u>	<u>143</u>	<u>209</u>

IChemE Ltd gift aids its operating profit to the charity and the balance of £82,000 (2019: £59,000) is included in debtors for the charity at year end.

18 Analysis of group and charity net assets between funds

Fund balances at 31 December 2020 are represented by:

Group	Unrestricted funds £000	Restricted Funds £000	Total £000
Tangible fixed assets	798	-	798
Investments	4,950	1,140	6,090
Pension scheme funding deficit	(5,919)	-	(5,919)
Net current assets / (liabilities)	1,157	99	1,256
	<u>986</u>	<u>1,239</u>	<u>2,225</u>
Total net assets	<u>986</u>	<u>1,239</u>	<u>2,225</u>

Charity	Unrestricted funds £000	Restricted Funds £000	Total £000
Tangible fixed assets	798	-	798
Investments	4,950	1,140	6,090
Pension scheme funding deficit	(5,919)	-	(5,919)
Net current assets / (liabilities)	940	99	1,039
	<u>769</u>	<u>1,239</u>	<u>2,008</u>
Total net assets	<u>769</u>	<u>1,239</u>	<u>2,008</u>

19 Reconciliation of net movement in funds to net cash flow from operating activities

Group	2020	2019
	£000	£000
Net Income	421	396
Adjustments for:		
Depreciation on tangible fixed assets	87	90
(Gains)/losses on investments	(367)	(491)
Dividends and interest from investments	(54)	(77)
Investment management fees	55	54
Difference between pension charge and cash contribution	(182)	(167)
Decrease/(increase) in debtors	128	624
(Decrease)/increase in creditors	(432)	(215)
Exchange gains / (losses) arising from retranslation of foreign branches & subsidiaries	136	(76)
Change in cash and cash equivalents due to exchange rate movements	(115)	85
Net cash from/(used in) operating activities	(323)	223

Charity	2020	2019
	£000	£000
Net Income	387	269
Adjustments for:		
Depreciation on tangible fixed assets	86	89
(Gains)/losses on investments	(367)	(491)
Dividends and interest from investments	(54)	(77)
Investment management fees	55	54
Difference between pension charge and cash contribution	(182)	(167)
Decrease/(increase) in debtors	179	733
(Decrease)/increase in creditors	(341)	(226)
Exchange gains / (losses) arising from retranslation of foreign branches & subsidiaries	130	(72)
Change in cash and cash equivalents due to exchange rate movements	(6)	11
Net cash from/(used in) operating activities	(113)	195

20 Analysis of changes in net debt

Group	At 1 January 2020	Cash flows	Foreign exchange movements	At 31 December 2020
	£000	£000	£000	£000
Cash	3,027	(323)	115	2,819
Total	3,027	(323)	115	2,819

Charity	At start of year	Cashflows	Foreign exchange movements	At end of year
	£000	£000	£000	£000
Cash	2,628	(113)	6	2,521
Total	2,628	(113)	6	2,521

21 Pension scheme

Defined contribution scheme

The Institution's Defined Contribution Pension Scheme for UK based staff was established in April 2006 following the closure of the Defined Benefit Scheme. The assets of the Scheme are held separately from those of the charity and during 2020 were administered by Standard Life Assurance Co Ltd. The Institution pays one and a half times the percentage that the employee contributes up to a maximum of 12%. The total pension cost charge to the Institution, representing contributions payable to the fund amounted to £227,000 (£2019: £231,000).

Following the annual review of the Scheme in 2020, the Board of Trustees decided to change the pension scheme provider from Standard Life Assurance Co Ltd to The People's Pension Scheme with B&CE. This change took effect from 1 January 2021 with all contributions from that date being paid into the new scheme.

The total pension cost for the staff of the branch in Australia, which is paid under the superannuation scheme at 9.5% of base salary, was £43,000 (2019: £38,000).

Pension costs relating to the employees of the Institution's subsidiaries IChemE in Malaysia and IChemE in New Zealand amounted to £7,000 (2019: £13,000).

Defined benefit scheme

The Institution operates a defined benefit pension arrangement called the Institution of Chemical Engineers Pension Scheme. The Scheme provides benefits based on salary and length of service on retirement, leaving service or death. In 2006, the Scheme was closed to new members, future service accruals and salary revaluations were limited with effect from 5 April 2006.

The scheme is funded with the assets being held by the pension scheme's trustees separately from the assets of the Institution.

The Scheme is subject to the Statutory Funding Objective under the Pensions Acts 2004. A valuation of the Scheme is carried out at least every three years to determine whether the Statutory Funding Objective is met. As part of the process the Institution must agree with the trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 January 2018. The results of that valuation will be updated by an independent qualified actuary on an annual basis allowing for cashflows in and out of the Scheme and for changes to assumptions over that period.

The recovery plan, updated with the latest triennial valuation, agreed that the annual contribution level from the Institution into the Scheme would remain at £265,000 per annum, increasing in line with CPI, from 1 February 2018 to 31 January 2028. In addition, a lump sum payment of £1,150,000 was paid into the Scheme in December 2018. Administrative and other expenses of the Scheme are payable separately by the Institution.

The Institution has also provided additional security to the Scheme by way of a charge of £500,000 on the freehold property in Rugby. The security agreement to put the charge in place was submitted to the Land Registry in March 2017.

The principal assumptions used to calculate Scheme liabilities include:

	2020 %	2019 %
Discount rate	1.25% pa	2.0% pa
Inflation (RPI)	3.1% pa	3.2% pa
Inflation (CPI)	2.65% pa	2.4% pa
Pension increase (LP15)	2.55% pa	2.3% pa
Post-retirement mortality	90% of 'S2NA' tables with CMI 2017 projections and a long-term rate of improvement of 1.25% pa	90% of 'S2NA' tables with CMI 2017 projections and a long-term rate of improvement of 1.25% pa
Commutation	All members are assumed to take 25% of their pension as tax-free cash	All members are assumed to take 25% of their pension as tax-free cash

21 Pension scheme (continued)

The major categories of assets are as follows:

Asset category	2020 £000	2019 £000
Liability Driven Investment (LDI)	4,056	3,030
Multi-asset funds	6,399	6,101
Cash	31	74
Total	10,486	9,205

The return on the Scheme's assets (net of investment manager expenses) over the period to the Review Date was approximately 14.6%.

Amounts recognised in the balance sheet:

	2020 £000	2019 £000
Fair Value of Assets	10,486	9,205
Present Value of Funded Obligations	(16,405)	(13,990)
(Deficit) in Scheme	(5,919)	(4,785)

Amounts recognised in the statement of financial activities over the year:

	2020 £000	2019 £000
Interest on liabilities	276	342
Interest on assets	(184)	(239)
Total	92	103

Remeasurements over the year:

	2020 £000	2019 £000
Losses / (gains) on scheme assets in excess of interest	(1,156)	(768)
Experience (gains) / losses on liabilities	-	-
Losses / (gains) from changes to demographic assumptions	-	-
Losses / (gains) from changes to financial assumptions	2,472	2,024
Total	1,316	1,256

21 Pension scheme (continued)

The change in the value of the assets over the period was:

	2020 £000	2019 £000
Value of assets at beginning of period	9,205	8,275
Interest on assets	184	239
Institution contributions	274	270
Benefits paid	(333)	(347)
Return on assets less interest	1,156	768
Value of assets at end of period	10,486	9,205

The change in the value of the defined benefit liabilities over the period was:

	2020 £000	2019 £000
Value of liabilities at the beginning of the period	13,990	11,971
Past service cost	-	-
Interest on liabilities	276	342
Benefits paid	(333)	(347)
Experience (gains) / losses on liabilities	-	-
Changes to demographic assumptions	-	-
Changes to financial assumptions	2,472	2,024
Defined benefit obligation at end of period	16,405	13,990

	2020 £000	2019 £000
Actuarial (losses) / gains	(1,316)	(1,256)

The cumulative amount of actuarial (losses) / gains recognised in the statement of financial activities is (£8,027,000) (2019: (£6,711,000)).

The annual contribution level for the period 1 February 2021 to 31 January 2022 will be increased in line with CPI from £274,080 to £275,724.