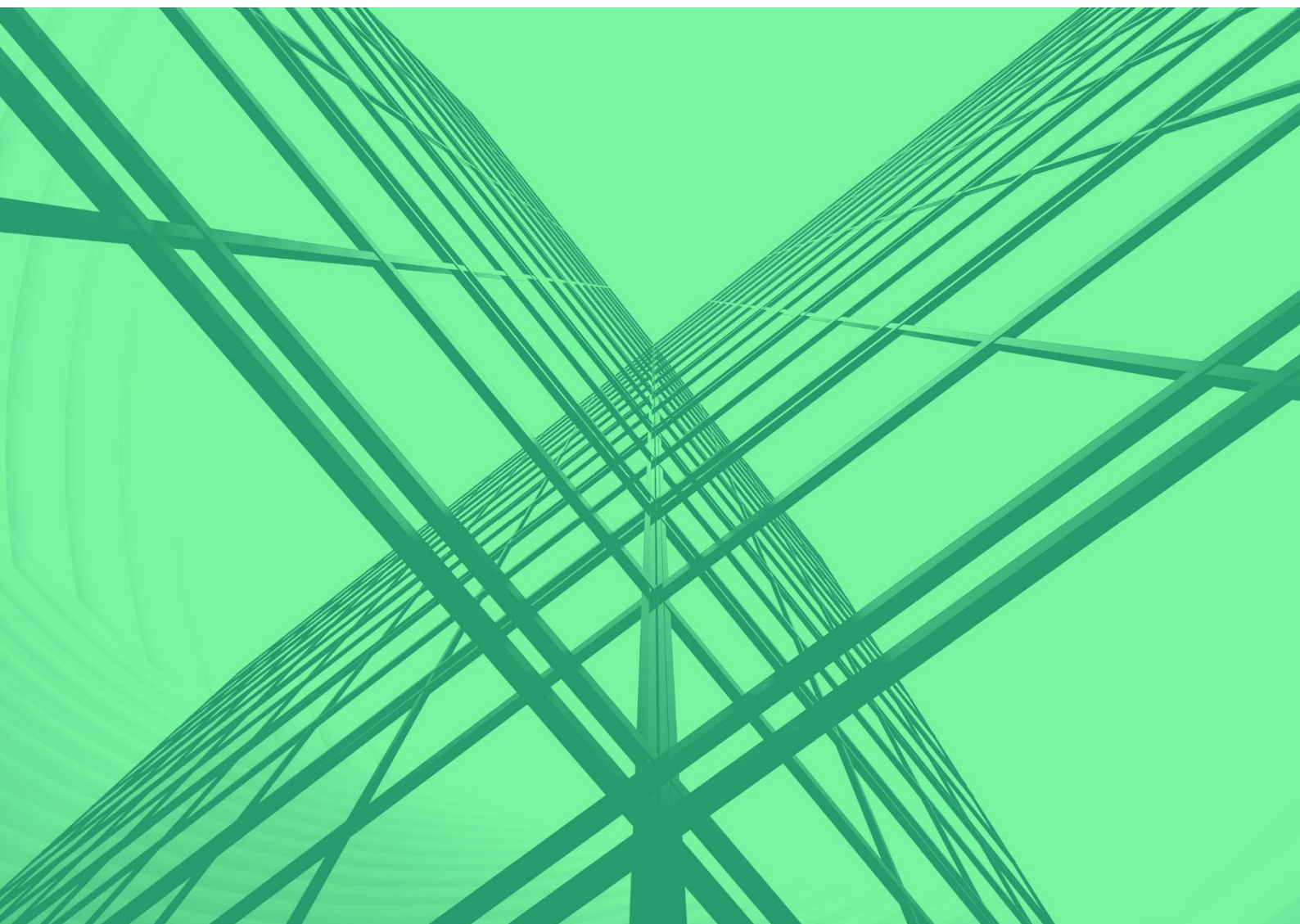


ANNUAL REPORT AND ACCOUNTS

For the year to 31 December 2021



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1. Introduction

The Institution's Board (whose members are the Trustees of the Charity) submits its annual report and accounts for the Institution of Structural Engineers for the year ended 31 December 2021. In preparing the report, the Board has complied with the Charities Act 2011, the Statement of Recommended Practice – Accounting and Reporting by Charities (2019) ('SORP') and applicable accounting standards.

2. Objects and Activities

2.1 Objects

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

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

2.2 Aims

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

2.3 Main Activities

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

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

2.4 Objectives for 2021

The objectives for 2021 included:

- ▶ To continue to invest in responding to the climate change emergency by setting/raising standards, including enhancing competence through the review of qualifying routes to membership, a review of CPD requirements and by providing a suite of guidance notes and tools to support the profession worldwide.
- ▶ To continue to contribute to the review of the building safety regulatory system following the Grenfell Tower tragedy, including the development of specialist registers and the expansion of the structural safety reporting scheme to include fire safety issues.

- ▶ To continue the promotion of CROSS in the US (CROSS-US) and Australasia (CROSS-AUS) and explore opportunities to further expand the initiative internationally.
- ▶ Delivery of those elements of the governance review agreed by the Board and further review of the Institution's proposals to improve governance arrangements, set out in "Structured for Success".
- ▶ To progress the Business Transformation Project through the delivery of a new CRM and further website development and integration work.
- ▶ Support membership engagement and growth through the promotion of more accessible routes to, and between, grades of membership and the development of more accessible assessment methodologies e.g., online exams.
- ▶ Increasing support to candidates preparing for the Professional Review Interview and examinations, targeting in particular those groups which have lower pass rates.
- ▶ The provision of new CPD content, including conferences, CPD courses and publications, with a particular focus on online delivery.
- ▶ The development of collaborative relationships with international organisations to enable shared access to technical/educational material and promotion of Affiliate schemes that may be attractive in countries that do not have formal competency tests.
- ▶ Further improving equality, diversity and inclusivity across the Institution's Board, Council, Committee and Panel structures.

2.5 Public Benefit

2.5.1 Benefits from aims

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

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

2.5.2 Membership benefits

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

2.5.3 Charity Commission Guidance

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

3. Achievements and Performance

3.1 Overall Review

2021 saw the Institution making good progress in support of the Board approved strategy. The Covid-19 pandemic continued to raise challenges in meeting core objectives, however with appropriate adaptations in place, the following objectives set for 2021 were accomplished:

- ▶ The Institution continued to invest significant resources in responding to the Climate Change emergency. Through its Senior Engineer for Climate Action and the work of the Climate Emergency Task Group (CETG), the Institution continues to make a major impact and contribution both in support of learning and development within our profession and in collaborative activities across the sector, including:
 - ▶ The launch of a carbon calculator tool in conjunction with Elliot Wood.
 - ▶ A consortium partnership with the UK Green Building Council and the Construction Leadership Council, in the provision of a virtual exhibition at COP26 and a two-day fringe event at COP26 in partnership with the IStructE Scottish Regional Group.
 - ▶ Chair of the UK Built Environment Advisory Group (UKBEAG).
 - ▶ Evaluation of the Institution's own carbon footprint (based on a 2019, pre-covid, benchmark).
 - ▶ The provision of significant input to the CIC Climate Action plan for Professional Institutions.
 - ▶ The development of a range of materials, exchange forums and events to support members.
 - ▶ The refocus of awards criteria, in particular a review of the competition entry requirements for *The Structural Awards* in respect of climate change and action.
- ▶ During the year the Institution continued its collaboration with other professional bodies around the world including other professional engineering institutions, the Engineering Council, the Royal Academy of Engineering (RAEng) and the Construction Industry Council (CIC) on matters of mutual interest. Of particular note is the continuing collaboration in the review of the building safety regulatory system following the Grenfell Tower tragedy, including:
 - ▶ Input to the draft UK Building Safety Bill through representation across the many industry activities relating to developments post Grenfell.
 - ▶ Input to the BSI framework for the competence of individuals and the development of specialist registers in Higher Risk Buildings and development of the concept for a new Structural Engineering Competence register.
 - ▶ The launch of the new CROSS website www.cross-safety.org. Working with the Institution of Fire Engineers (IFE), the remit of CROSS UK has broadened to include reporting on fire safety, adding to the existing reporting on structural safety.
 - ▶ Securing additional substantial government funding from Ministry of Housing, Communities and Local Government (MHCLG) to expand the structural safety reporting scheme to operate the fire safety expansion of CROSS.
 - ▶ Development of relationships across the industry to include those involved in the design, construction and management of buildings including the Fire Sector Federation, Local Authority Building Control, RICS, the Fire Protection Association, BRE Global, RIBA and the Office for Product Safety and Standards and others.

- ▶ Continued promotion of the requirement for members to undertake CPD in structural safety as part of their mandatory CPD obligation.
- ▶ During the year the Institution Board focussed on the key priority areas in relation to the modernisation of the Institution's governance identified by 'Structured for Success (S4S)' including:
 - ▶ An EGM in May 2021, which saw members vote overwhelmingly in favour of the proposed changes to the Institution's Bye-Laws. Thereafter followed a formal application and submission to the Privy Council to change the Bye-Laws.
 - ▶ The election of Vice Presidents from established worldwide electoral regions.
 - ▶ The election of Council members to the Institution's Nominations Committee.
 - ▶ Continued review of proposals in relation to governance arrangements of UK Regional Groups.
 - ▶ Delivery of targets set out in relation to developing our credentials as an inclusive Institution. Our completion of the triennial survey submission to the joint Royal Academy of Engineering (RAEng) and Science Council (SC) Diversity Concordat showed that the Institution performed very strongly against a grouping of 40 bodies, scoring particularly well on measures of percentage woman on the Board; on women in leadership positions; and of minority ethnic people in leadership positions.
- ▶ The Business Transformation Project continued, including:
 - ▶ Further website development and integration work.
 - ▶ The delivery of a new CRM system.
- ▶ A review of the Institution's qualifying standards and processes was commissioned by the Board to ensure that the test of competence undertaken reflects the needs of a dynamic and evolving profession. The review of academic standards was delegated to the Joint Board of Moderators and two Institution Task Groups were established to (1) review Initial Professional Development (IPD) and its assessment through the Professional Review Interview (PRI); and (2) the Institution's Chartered and Associate-Member examinations.
- ▶ The Institution continued to support membership engagement and growth through the launch of the Associate-Member to Chartered Member Supplementary Exam.
- ▶ Completion of a successful audit and 5-year revalidation of the Institution's Engineering Council licence for CEng, IEng and EngTech.
- ▶ The continued adaptation of the Institution's learning and development provision to provide over 30 online CPD courses, 6 virtual conferences including the third annual Digital Design and Computation conference, a three-day Stadia and Long Span conference, and a two-day Reuse and Life Extension conference. Two webinar series were produced and delivered including the six-part series on Novel Materials and Methods to Achieve Net Zero, and the five-part webinar series on Graphic Statics.
- ▶ Steps were taken to secure a "buy-in" of the Institution's Defined Benefit (closed) Pension Scheme. Substantially complete, these measures will significantly reduce the Institution's administrative costs in managing the scheme which in future years can be directed to other priority areas of Institution activity.

3.2 Scotland

The Scottish Regional Group delivered a reduced programme of events and meetings during 2021 due to the ongoing impact of Covid-19. The Regional Group Committee continued to meet regularly throughout the year, albeit virtually, and 80% of planned Committee meetings were held. A reduced number of technical meetings

and CPD events were held. However, the Regional Group was pleased to deliver the preparation courses for the Chartered Exam which were well attended.

The Scottish Regional Group committee volunteers devote considerable time supporting the work of the Institution in Scotland and at HQ. The Group is supported by a part time administrator assisting with all group activities, liaison with HQ and providing improved services to the membership. The Group's targets in 2021 included:

- ▶ Continue to provide quality CPD and interesting lectures for our members which meets the requirements of Structural Engineers Registration.
- ▶ Maintain engagement with the Scottish Government to help shape the construction environment in Scotland
- ▶ Continue with the delivery of concept design workshops to support preparation for the Chartered Membership Exam.

The Group hosted a number of events linked to the COP26 conference held in Glasgow in November 2021.

The Group continues to assist with the assessment and processing of membership applications for candidates residing in Scotland and is represented on the Institution's Council and on headquarters' committees.

The Group has maintained its engagement with 10 Scottish universities to promote the Institution and to increase student membership. The Group has good links with schools and younger people promoting the importance of the engineering profession. The Group continues to support the Young Members Group (YMG) with a committee member attending all YMG meetings.

Liaison has also been maintained with the Institution of Civil Engineers, BCSA, HSE, the Concrete Society and the Institution of Engineers and Shipbuilders in Scotland (IESIS). The Group continues to build working relationships with other bodies including RIBA, RIAS, GIA, IET, IMechE, CIBSE, CIMCIGS and others through the Federation of Engineering Institutions. The Group is a consultee on changes to legislation affecting the industry proposed by Scottish Government.

The Institution's trading subsidiary Structural Engineers Registration Ltd (SER) operates a Scheme of Certification of Design (Building Structures) under the Building (Scotland) Act 2003 for the Scottish Government Building Standards Division. The SER team continued to support the Scheme remotely and 2021 saw a marked increase in certificate numbers from 2020 (25% increase) and from 2019 (10% increase).

4. Financial Review

4.1 Trustees' Responsibilities for the accounts and financial statements

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

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

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

The Trustees are satisfied that these requirements are being met.

4.2 Review of the year

The Group posted a surplus for the year ended 31st December 2021 of £1,138k (2020: £1,081k). Total Group income was £8.1m (2020: £8.0m), with £5.0m (2020: £5.1m) coming from members' subscriptions and qualification fees and £3.1m (2020: £2.9m) from other sources including trading subsidiaries. Repayments on the mortgage (circa 14% of asset value) taken to fund the redevelopment of the building in Bastwick Street in 2014 and to support capital projects (including the ongoing Digital Transformation project), were fully discharged within the forecast cash flow parameters agreed by the Board and the Institution's bankers.

Some 62% of the Institution Group's income comes from membership and qualification activities; 3% from advertising and online income from The Structural Engineer; 16% from the trading activities of SER; 3% from Structural-Safety Ltd; 7% from publications sales, courses and conferences. The remaining 9% was derived from a range of activities across the charity and trading companies.

The Institution has a vision "to lead, support and nurture the development of structural engineering worldwide". During 2021 the Board continued to evaluate how best to prioritise and fund development activity in pursuit of this vision whilst taking full cognisance of available revenues.

4.3 Reserves

At the end of 2021, the Institution had total unrestricted reserves of £11m. The majority of these are Designated Funds, and in particular the Bastwick Street Fund (see section 4.4), with £4.3m in the General Fund. At 31 December 2021, the Institution had free reserves of £0.8m (2020: £0.7m).

Free reserves are calculated using the total Unrestricted Fund, less Designated Funds (excluding the Bastwick Street Fund) and Fixed and Intangible Assets, adding back the loan used for the redevelopment of Bastwick Street. The free reserves position is monitored on an annual basis.

During 2019 (and throughout at regular intervals) the Board reviewed the reserves policy and agreed that the target should be to hold minimum free cash reserves equivalent to three months of expenditure, currently approximately £1.7m. During much of 2021, this target was met mainly due to the significant savings in travel and subsistence costs because of the Covid-19 restrictions introduced globally. The minimum figure during 2020 was £3.4m which is substantially higher than the target set by the Board. With the advance receipt of subscriptions for 2022 free cash reserves were £4.4m at 31 December 2021.

4.4 Funds

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

The Board decides on a year-by-year basis the amounts that are placed in each Designated Fund and monitors actual income and expenditure against the operating forecast.

Following the sale of the lease on 11 Upper Belgrave Street in 2013, the accounting profit from the sale was used to create the designated fund – Bastwick Street Fund. It is a non-cash fund. At 31 December 2021 the value of the fund was £4,82m and is used to offset the annual depreciation charges for Bastwick Street.

4.5 Pension Asset

In 2021 the Pension Scheme purchased a buy-in insurance policy covering the remaining uninsured benefits. The value of the insurance policy has been set equal to the corresponding value of the underlying benefit obligation. As such the report from the actuary showed a surplus of £158k at 31 December 2021. The comparable asset recognised for year-ending 31 December 2020 of £799k was calculated before the purchase of the insurance policy.

The recovery of the £158k surplus is uncertain as the value/cost of the insurance policy is subject to change as the Scheme moves towards a buy-out position. It has therefore been considered prudent to reduce this figure, in the accounts, to £nil.

4.6 Grant making policy

4.6.1 The Institution and Regional Group Awards

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

4.6.2 Research Fund

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

5. Plans for Future Periods

5.1 Long and medium-term strategy

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

In summary the strategy is two-fold:

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

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

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

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

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

5.2 Looking ahead to 2022

The Board has endorsed a programme of objectives for 2022 in support of the strategic plan. These include the following activities, each of which will be reviewed in line with the disclosure statement on Covid-19 under section 6.3.6

- ▶ To continue to invest in responding to the climate change emergency by setting/raising standards, including enhancing competence through the qualifying routes to membership, a review of CPD requirements and by providing a suite of guidance notes and tools to support the profession worldwide.
- ▶ To continue to contribute to the review of the building safety regulatory system following the Grenfell Tower tragedy, including the development of specialist registers.
- ▶ To continue the promotion of CROSS in the US (CROSS-US) and Australasia (CROSS-AUS) and explore opportunities to further expand the initiative internationally.
- ▶ Delivery of those elements of the governance review agreed by the Board and further review of the Institution's proposals to improve governance arrangements and the regional group structures, set out in "Structured for Success".
- ▶ To progress the Business Transformation Project through the utilisation of the new CRM and further website development and integration work.
- ▶ Support membership engagement and growth through the promotion of GIStructE and more accessible routes to, and between, grades of membership and the further development of more accessible assessment methodologies e.g., online exams.
- ▶ The provision of new CPD content, including conferences, CPD courses and publications, both in-person and online events.
- ▶ The development of collaborative relationships with international organisations to enable shared access to technical/educational material and promotion of Affiliate schemes that may be attractive in countries that do not have formal competency tests.

- ▶ Further improving equality, diversity and inclusivity across the Institution's Board, Council, Committee and Panel structures.
- ▶ The publication and promotion of a refreshed Institution Professional Code of Conduct.

6. Structure, Governance and Management

6.1 Organisational Structure

The Institution was founded in 1908 and was incorporated by Royal Charter on 4 May 1934; the current Supplemental Charter, with associated Bye-laws, was granted on 1 December 2004. The Charter empowers the Board to make Regulations relating to the Institution and for the conduct of members. They are kept under review and were last amended during 2021.

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

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

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

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

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

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

6.2 Governance

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

Vice-Presidents who are not otherwise members of the Board attend Board meetings by invitation. The Board may invite specialist advisers to attend. The Executive Leadership Team also attend. Such persons do not thereby become members of the Board and may not vote on any matter to be decided by it.

The Institution's 'session' commenced on 1 January 2021; when the incoming Board Chair, President and members of the Board, the Council and committees took office. The session ran to 31 December 2021. At the first meeting of the session, Board members received training in trusteeship.

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

6.3 Management

6.3.1 Committee and Panels

The committee structure is shown on page 11.

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

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

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

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

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

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

Panels, which deal with specific areas of activity, report as shown on page 11.

6.3.2 Regional Groups

Institution members throughout the world, where there are sufficient concentrations of members, are allocated to regional groups. Such regional groups are run by committees, which arrange learned society, continuing professional development and networking events, to complement those organised by the Institution centrally. Each group has regulations for its governance, which have been approved by the Trustees. The financial activities of these groups form part of the 2021 annual statement.

6.3.3 Staff

With an average number of staff employed during the year of 64.8, the staff establishment at 31 December 2021 was 62 (which included 8 part-time staff). At 31 December 2020, the comparable figure was 64 (including 10 part-time staff). The staff organogram is on page 12.

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

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

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

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

6.3.4 Pay and remuneration of key management personnel

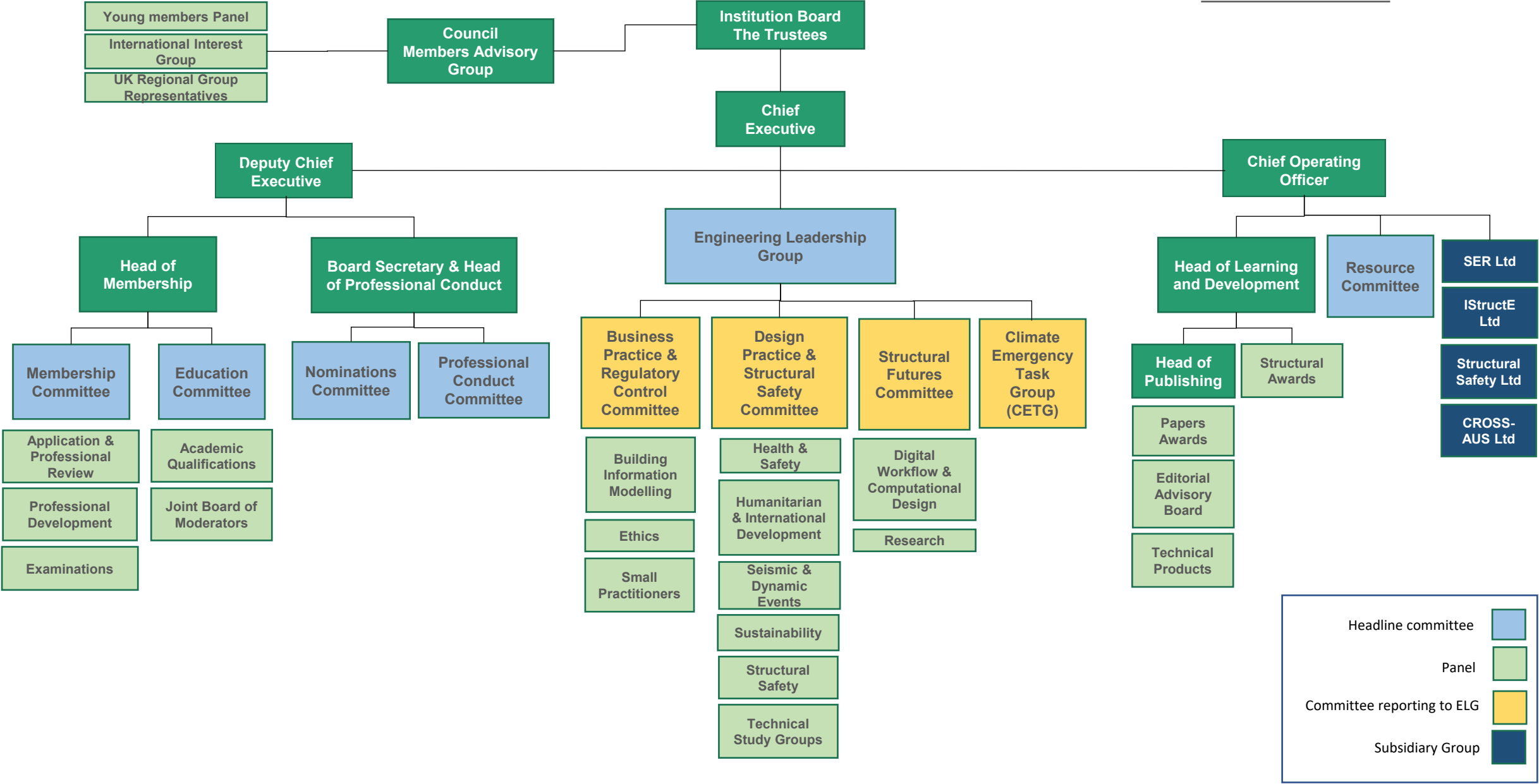
As part of the annual operating plan and budget review, the Board approves an inclusive percentage uplift for annual salaries that is based on affordability; benchmark assessments to reflect the sector; the Institution's central London location and Government published national statistics. Against the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

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

6.3.5 Volunteers

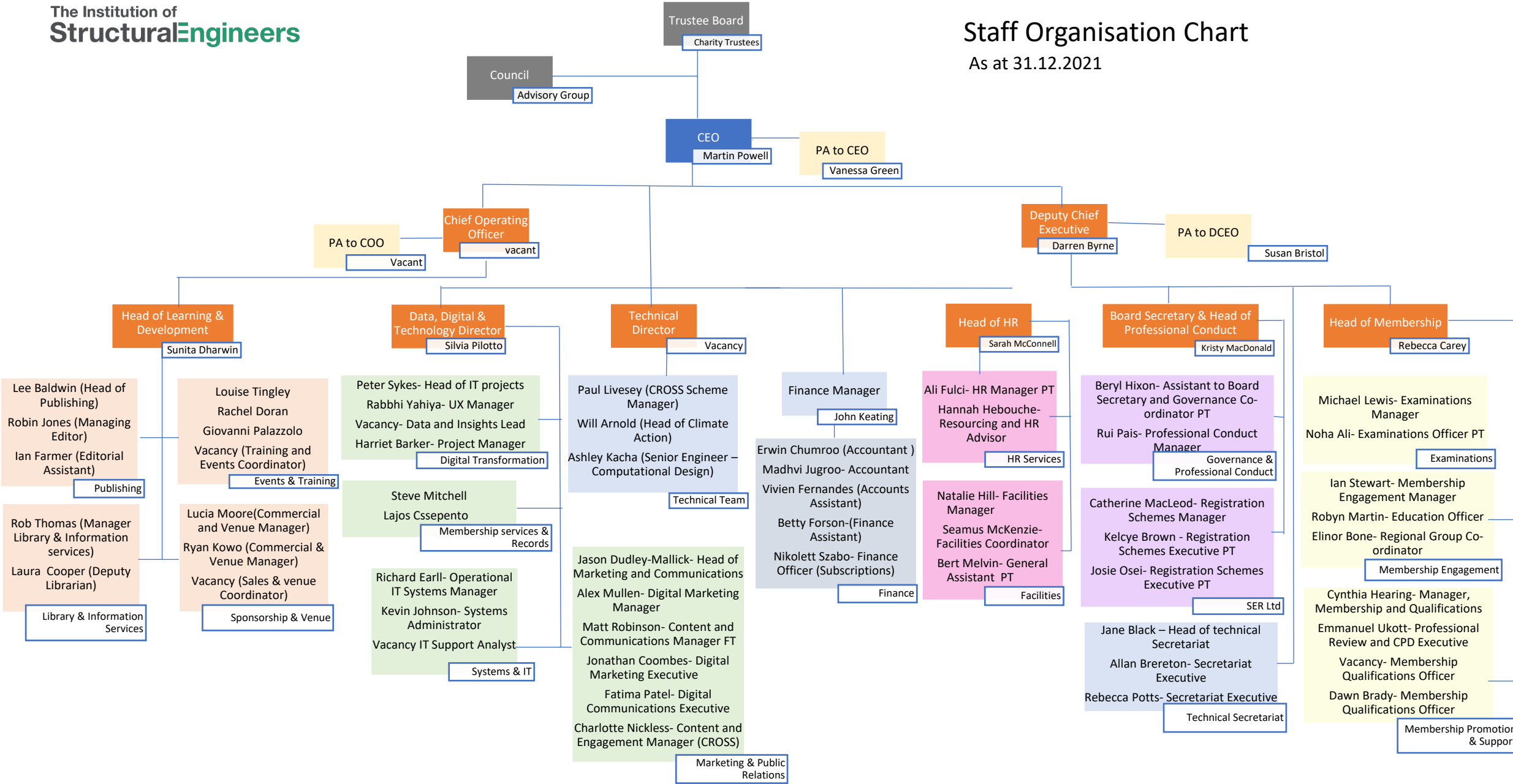
All members of the Board, the Council, committees, panels, task groups, advisory groups and study groups (as well as members serving the Institution on regional group committees and acting in other capacities) are volunteers, numbering an estimated 750 individuals. Additionally, an extensive network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

Committee Structure 2021



Staff Organisation Chart

As at 31.12.2021



6.3.6 Risk Management

The Board acknowledges its responsibility for managing the risks to which the Institution is exposed. It oversees an on-going assessment of the major risks – in particular those relating to strategic objectives, operations, finances and reputation. Control systems are in place to manage those risks. Besides a generic response to risk management, the Board recognise the very specific and unprecedented challenges posed by the COVID-19 pandemic. A separate disclosure statement is included within this section and follows discussion with the Institution's auditors.

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

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

- ▶ Reduction in membership – Income from membership subscriptions is key to the Institution. In order to mitigate against a reduction in the number of members as the result of demographic factors and also to seek to grow the membership, the Institution has introduced initiatives including:
 - ▶ An increased range of products and services including CPD course provision, on-line courses, books and other publications; the library and a growing portfolio of e-books and an events program.
 - ▶ Increased involvement in careers activities including production of educational videos and a focus on young member events.
 - ▶ Increasing the number of candidates eligible to proceed to Chartered Membership by mapping the examinations offered by other international structural engineering bodies against the Institution's examinations and introducing supplementary examinations to assess those areas that are not tested.
 - ▶ Improving accessibility to professional membership by introducing flexibility in how candidates may satisfy the Masters level academic requirement, the order in which candidates may take their Professional Review Interview/Examination, introducing new routes to membership and changing the Supporter requirements in terms of reducing the number of Members required to sign candidates' application forms.
 - ▶ Introducing the membership postnominal GStructE for those graduate members who have successfully completed the Certificate in Structural Behaviour.
- ▶ Data Protection – The Institution's operations are heavily reliant on the use of the personal data of both members and non-members. A risk-based approach to data security is taken and appropriate technical and organisational measures are in place. Further to the introduction of the General Data Protection Regulation in May 2018 all associated policies and procedures continue to be reviewed and updated as necessary.
- ▶ Resilience of commercial revenue – In order to reduce reliance on income from membership subscriptions a number of revenue streams, have, and continue to be developed through IStructE Ltd.
- ▶ Throughout 2021 and into 2022 a greater number of online products have been created and delivered, greatly increasing the available portfolio and meeting the varying delivery requirements of members and other users.
- ▶ Reduction in income from Structural Engineers Registration Ltd (SER) – Income from SER is largely linked to the level of activity in the Scottish construction industry which is outside the company's control. A prudent approach is therefore taken to budgeting.

- ▶ Volunteer engagement – the Institution is heavily dependent on the voluntary contribution of its members particularly in areas of technical and engineering knowledge sharing. Members give their time freely and willingly however conflicting pressures in the workplace and personal life means that the Institution is always looking to increase the number of members actively engaged with its activities.
- ▶ The increased use of technology including Zoom and the flexibility that this entails, in terms of conducting meetings and other Institution activities at different times of the day, has led to a significant increase in member and volunteer engagement. This process has been accelerated by the Covid pandemic and the Institution will continue to incorporate the positive learning points from 2020 and 2021 into future plans.
- ▶ Increase in staff costs – As with most membership organisations the Institution's employee related costs is the key component of total expenditure. The risks associated with staff costs are managed through a rigorous annual budgeting process and close scrutiny to confirm the business need for any additional staff costs.
- ▶ Increases in the cost of capital expenditure – Where projects involving significant capital expenditure are undertaken there is likely to be an increased risk of cost escalation. Mitigation measures include development of detailed project specifications before work commences and appropriate levels of project management including formation of Project Oversight Boards.
- ▶ Health and safety – Presenting reputational and legal risks as well as the primary risk to the safety and health of staff and others, the Institution takes this risk area seriously. A health and safety policy is in place together with supporting documents and appropriate procedures. Health and safety is overseen by the Head of Human Resources who chairs a staff health and safety committee that meets quarterly. Considerable health and safety work has been undertaken as a result of COVID-19, with new arrangements for office use to reduce the risk of COVID-19 transmission, all of which is documented in risk assessments, method statements and guidance documents. A similar process has been undertaken for use of the Institution and other venues for exams. Staff working from home have been supplied with guidance for safe working and regular communication and surveys of staff have been undertaken.

Disclosure Statement relating to COVID-19

Whilst the Annual Report and Accounts are focused on outturns from 2021, the Institution's Trustees are mindful of the impacts of the COVID-19 pandemic on the short to medium term resilience of the Institution Group.

Given the significant international reach and exposure of the Institution, this remains a fluid situation. Having gone through 2020 and 2021 and successfully mitigated against the financial risks of COVID-19 the Institution Board believes it is in a positive position to manage the risks in 2022.

With a business model that is dependent in large measure on receipts from membership subscriptions (circa 65% of revenues), in excess of 90% of fees for 2022 had been collected by the end of March 2022. This is commensurate with performance in recent prior years. Enhanced follow-up of outstanding fees is underway and at the point of making this report, the Trustees are confident that the outturn will provide adequate security on stay-in business and fixed cost elements without significant draw-down on reserves. Additionally, a cashflow exercise has been conducted, disclosed and discussed with the Institution's auditors with particular emphasis on cash flow through to May 2023.

As a learned society, the Institution is particularly active in the areas of events, conferences, courses and training. This is additionally supported through third party sponsorships as well as revenues from the hire of venue space at the Bastwick Street headquarters. The Early intervention and lessons learnt from 2020 and 2021 have shown that a significant number of activities can be delivered online, retaining income streams and

in some cases growing them due to a wider reach of, and greater participation, in the event. The planned continuation of a programme of online conferences and events as well as a return to in-person events in 2022 will meet the needs of members and participants whether in the UK or internationally and whether regional restrictions in respect of Covid-19 are maintained or reintroduced.

The situation regarding the Institution's certification scheme in Scotland and Jersey (SER Limited) is more difficult to forecast given its dependence on planning and construction activity in these places and therefore outside its direct control. However, 2021 demonstrated that despite COVID-19, the number of certificates in 2021 and the resulting revenue was a record high, and whilst some of this increase can be attributed to a 'catch-up' from 2020, the 2021 figures were significantly higher than those pre-pandemic.

Increasingly, the Institution is easing the remaining restrictions it has in place and from the beginning of May, the Headquarter offices in London are expected to have fully re-opened for member and general public access. Institution staff are now working to a hybrid requirement of 5 days based in office in every 10 working days. This arrangement will remain in place for a six-month period whilst we monitor and consider longer term arrangements for flexible working.

Regional Group activities around the world operate in accordance with country specific regulations.

Much of the work of the Institution is reliant on the contribution of expertise from within the membership. The provision of on-line meetings is enabling this support to continue largely unaffected. This applies equally to engineering and technical activities as well as to matters of governance and oversight from the Trustees.

International travel restriction has enabled appreciable cost savings.

In summary, both in 2020 and 2021 and then into 2022, the Trustees are satisfied that the ongoing funding of the Institution and the wider Group as a viable and ongoing Charity is sustainable and within acceptable parameters of risk consideration.

6.3.7 Fundraising

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

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

The Institution is not bound by any undertaking to be bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice.

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

The Institution's terms of employment require staff to behave reasonably at all times; as it does not approach individuals for funds it does not particularise this to fundraising activities nor is it considered necessary to design specific procedures to monitor such activities.

6.3.8 Subsidiary Companies

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

6.3.9 Connected Charities

6.3.9.1 The Institution of Structural Engineers Benevolent Fund

The Institution of Structural Engineers Benevolent Fund is deemed a connected charity as its objects restrict its beneficiaries to current or former members of the Institution and their dependents or former dependents. During 2021 the Institution collected £40,373 of donations from its members and paid these to the Fund.

7. Reference and Administrative Information

7.1 Registration

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

7.2 Address of principal office

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

7.3 Trustee Board

During 2021 the Trustees were:

Mohamad Al-Dah	Joe Kindregan*	Simon Pitchers*
Matthew Byatt	Victoria Martin*	Peter Terrell
Jane Entwistle	Donald McQuillan	Marelize Visser*
Shalini Jagarine-Azan*	Ashutosh Nene*	Charlotte Wildman*

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

Tanya De Hoog and Toby Robinson, Vice Presidents, attended meetings of the Board by invitation.

Edward Clark, Tanya De Hoog, Kate Leighton, Toby Robinson, Brian Uy and Keith Williams were appointed as Trustees from 1 January 2022.

7.4 (i) Executive Team

Martin Powell	Chief Executive
Darren Byrne	Deputy Chief Executive
Simon Flanagan	Chief Operating Officer (until December 2021)

7.4 (ii) Board Secretariat

Kristy MacDonald

Board Secretary

7.5 Auditors

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

Approved by the Board and signed on their behalf by

A handwritten signature in blue ink, appearing to read 'Peter Terrell', is written over a horizontal line.

Peter Terrell
Board Chairman

Date: 05.05.2022

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

Opinion

We have audited the financial statements of the Institution of Structural Engineers for the year ended 31 December 2021 which comprise the consolidated statement of financial activities, the balance sheets, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2021 and of the group's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report and the President's Foreword. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.

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

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

Consolidated statement of financial activities

Year ended 31 December 2021

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

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above. The notes on pages 25 to 41 form part of these financial statements.

* Permanent endowment: The only movement during 2021 was the receipt of £5 (2020: £44) in bank interest.

Charity statement of financial activities

Year ended 31 December 2021

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Permanent Endowment * Funds £'000	2021 Total £'000	2020 Total £'000
Income from:						
Donations, legacies and grants	2	85.8	14.6	-	100.4	146.4
Income from trading activities						
Gross income from charitable activities		131.3	-	-	131.3	136.3
Income from charitable activities						
Membership and qualification activities		4,993.6	-	-	4,993.6	5,050.4
Technical & professional learning and development		443.1	22.4	-	465.5	544.4
Other charitable activities		961.9	-	-	961.9	924.4
Income from investments	3	0.5	-	-	0.5	4.9
Total income		<u>6,616.2</u>	<u>37.0</u>	<u>-</u>	<u>6,653.2</u>	<u>6,806.8</u>
Expenditure on:						
Cost of raising funds	4					
Cost of charitable trading		141.8	-	-	141.8	145.5
Charitable activities	4					
Membership and qualification activities		3,783.6	-	-	3,783.6	4,000.5
Technical & professional learning and development		1,426.8	33.9	-	1,460.7	1,414.0
Other charitable activities		904.1	-	-	904.1	771.9
Total expenditure		<u>6,256.3</u>	<u>33.9</u>	<u>-</u>	<u>6,290.2</u>	<u>6,331.9</u>
Net income		<u>359.9</u>	<u>3.1</u>	<u>-</u>	<u>363.0</u>	<u>474.9</u>
Actuarial (loss) / gain on final salary pension scheme	22	(909.0)	-	-	(909.0)	81.0
Net movement in funds		<u>(549.1)</u>	<u>3.1</u>	<u>-</u>	<u>(546.0)</u>	<u>555.9</u>
Reconciliation of funds						
Total funds brought forward		9,942.6	266.2	31.3	10,240.1	9,404.9
Gift aid received from subsidiaries		788.8	-	-	788.8	279.3
Total funds carried forward		<u>10,182.3</u>	<u>269.3</u>	<u>31.3</u>	<u>10,482.9</u>	<u>10,240.1</u>

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above. The notes on pages 25 to 41 form part of these financial statements.

* Permanent endowment: The only movement during 2021 was the receipt of £5 (2020: £44) in bank interest.

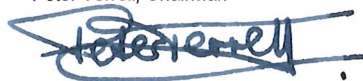
Consolidated and Charity balance sheets

Year ended 31 December 2021

	Note	The Group		Charity	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Intangible assets					
Websites	8	1,000.2	686.7	1,000.2	686.7
Investment in joint venture	11	87.6	117.7	-	-
Fixed assets					
Tangible assets	7	8,513.0	8,675.7	8,513.0	8,675.7
Investment in subsidiary companies	10	-	-	0.2	0.2
Total fixed and intangible assets		<u>9,600.8</u>	<u>9,480.1</u>	<u>9,513.4</u>	<u>9,362.6</u>
Current assets					
Stocks of publications	12	4.6	5.1	4.6	5.1
Debtors	13	817.8	439.8	899.4	568.3
Cash at bank and in hand		<u>4,668.6</u>	<u>4,550.6</u>	<u>3,759.0</u>	<u>3,476.7</u>
Total current assets		<u>5,491.0</u>	<u>4,995.5</u>	<u>4,663.0</u>	<u>4,050.1</u>
Creditors – amounts falling due within one year	14	<u>(2,784.7)</u>	<u>(3,074.3)</u>	<u>(2,649.5)</u>	<u>(2,805.4)</u>
Net current assets		<u>2,706.3</u>	<u>1,921.2</u>	<u>2,013.5</u>	<u>1,244.7</u>
Creditors – amounts falling due after one year	15	<u>(1,044.0)</u>	<u>(1,166.2)</u>	<u>(1,044)</u>	<u>(1,166.2)</u>
Total net assets before pension scheme surplus		<u>11,263.1</u>	<u>10,235.1</u>	<u>10,482.9</u>	<u>9,441.1</u>
Pension scheme funding surplus	22	<u>-</u>	<u>799.0</u>	<u>-</u>	<u>799.0</u>
Total net assets after pension scheme surplus		<u>11,263.1</u>	<u>11,034.1</u>	<u>10,482.9</u>	<u>10,240.1</u>
Funds of the charity					
Unrestricted funds:					
Designated funds	19	6,663.4	6,950.0	6,663.4	6,950.0
General funds		<u>4,299.1</u>	<u>2,987.6</u>	<u>3,518.9</u>	<u>2,193.6</u>
Total unrestricted funds excluding pension reserve		<u>10,962.5</u>	<u>9,937.6</u>	<u>10,182.3</u>	<u>9,143.6</u>
Pension reserve	22	<u>-</u>	<u>799.0</u>	<u>-</u>	<u>799.0</u>
Total unrestricted funds		<u>10,962.5</u>	<u>10,736.6</u>	<u>10,182.3</u>	<u>9,942.6</u>
Permanent endowment funds	17	31.3	31.3	31.3	31.3
Restricted funds	18	<u>269.3</u>	<u>266.2</u>	<u>269.3</u>	<u>266.2</u>
Total funds		<u>11,263.1</u>	<u>11,034.1</u>	<u>10,482.9</u>	<u>10,240.1</u>

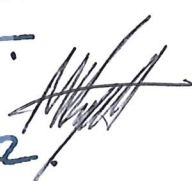
Approved by the Institution Board, authorised for issue and signed on their behalf by:

Peter Terrell, Chairman



Matt Byatt, President-Elect

Date: 05.05.2022



Consolidated and Charity statement of cash flows

Year ended 31 December 2021

Reconciliation of changes in resources to net cash inflow from operating activities	Note below	Group		Charity	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Cash flows from operating activities					
Net income after tax		1,138.0	1,081.2	1,151.8	754.2
Investment income	3	(0.5)	(4.9)	(0.5)	(4.9)
Gain on disposal of Fixed Asset		(0.1)	-	(0.1)	-
Interest payable		48.0	54.7	48.0	54.7
Depreciation	7	168.6	198.5	168.8	198.5
Amortisation of intangible assets	8	219.9	165.2	219.9	165.2
Decrease in stock	12	0.5	0.1	0.5	0.1
(Increase) / decrease in debtors	13	(378.0)	48.9	(331.3)	3.2
(Decrease) / increase in creditors	14	(289.6)	253.5	(155.9)	167.6
Difference between pension charge and cash contribution	22	(110.0)	(120.0)	(110.0)	(120.0)
Net cash generated from operating activities		<u>796.8</u>	<u>1,677.2</u>	<u>991.2</u>	<u>1,218.6</u>
Cash flow from investing activities					
Purchase of tangible fixed assets	7	(6.7)	(49.2)	(6.7)	(49.2)
Purchase of intangible assets	8	(533.4)	(171.8)	(533.4)	(171.8)
Disposal of tangible fixed asset	7	0.9	-	0.9	-
Investment in joint venture	11	(6.6)	(127.7)	-	-
Amount received in gift aid	11	36.7	10.0	-	-
Interest received	3	0.5	4.9	0.5	4.9
Net cash from investing activities		<u>(508.6)</u>	<u>(333.8)</u>	<u>(538.7)</u>	<u>(216.1)</u>
Cash flow from financing activities					
Capital element of mortgage paid		(122.2)	(114.0)	(122.2)	(114.0)
Interest paid		(48.0)	(54.7)	(48.0)	(54.7)
Net cash from financing activities		<u>(170.2)</u>	<u>(168.7)</u>	<u>(170.2)</u>	<u>(168.7)</u>
Increase in cash in year		118.0	1,174.7	282.3	833.8
Cash and cash equivalents at the beginning of the year		<u>4,550.6</u>	<u>3,375.9</u>	<u>3,476.7</u>	<u>2,642.9</u>
Cash and cash equivalents at the end of the year		<u><u>4,668.6</u></u>	<u><u>4,550.6</u></u>	<u><u>3,759.0</u></u>	<u><u>3,476.7</u></u>

The notes on pages 25 to 41 form part of these financial statements.

Notes to the accounts

Year ended 31 December 2021

1. Accounting policies

Basis of preparation

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

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

Due to the Covid-19 pandemic the Institution has re-forecast its income and expenditure and the impact the changes will have on cash flows for the current financial year extending the forecast period to May 2023. This exercise has been done specifically to determine if the going concern basis of accounting is still appropriate in the preparation of the financial statements. The Trustees having considered the results of this work are satisfied that the business can meet its obligations as they fall due and the going concern basis of accounting is appropriate.

Income

A reforecast of income for 2022 shows group revenue decreasing by £74k (1%) compared to the budget for the year which is mainly due to a decrease in examinations fees due to problems holding exams in Hong Kong because of Covid restrictions. Over the 5 months to May'23, with an expected increase in rates due to inflation, forecast income is expected to rise by £140k compared to budget.

Expenditure

The reforecast shows a decrease in costs of £121k (1%) compared to the budget for the year which is in the main due to savings in staff costs. Over the 5 months to May'23, expenditure is expected to increase by £496k due to the anticipated return to normal activities within the Institution and an anticipated rise in inflation.

Staffing

The level of staff costs remains unchanged from budget.

The overall position is a surplus of £47k against budget and a deficit of £356k, year on year to May 2023.

There is still uncertainty surrounding the impact of Covid-19 but the greater uncertainty going forward is inflation and the effect that will have on income and expenditure. The reforecast represents best estimates based on information available at the time. This will continue to be monitored over the coming months.

Capital expenditure

The expenditure for 2022 of £399k is forecast to proceed as planned as well as the programme of projects for the period to May 2023.

Cash flow

Factoring in the changes in the reduced payments to suppliers, the cash position as at 31st December 2022 is forecast at £4,038k, an increase of £58k compared to budget. The predicted position at the end of May 2023 is forecast to be £4,965k, a year-on-year fall of £358k.

Pension Asset

To reflect the accounting surplus on its (1973) Pension and Life Assurance Scheme, a pension asset is reflected in the accounts, for both the year-ending 31 December 2021 £Nil, and year-ending 31 December 2020 (£799,000). The amounts noted above are as shown on the Balance Sheet, page 23, under the heading 'Pension scheme funding surplus'.

Basis of consolidation

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

Income

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

Donations and grants

Donations and grants are included in the financial statements when the conditions of receipt have been met. During 2021 the Charity received grants of £56,976 in respect of the Coronavirus Job Retention Scheme and £443,142 for work on structural safety reporting.

Trading activities

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

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

Certification and renewal fees

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

Charitable fees

Members' subscriptions and fees

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

Examinations and professional review fees

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

Investment income and gains

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

Expenditure

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

Cost of raising funds

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

Charitable activities

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

Membership and qualification activities

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

Technical & professional learning and development

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

Other charitable activities

This comprises the costs of training members and events.

Support costs

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

Fund accounting

The charity maintains various types of funds as follows:

Permanent endowment funds

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

Restricted funds

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

Unrestricted funds

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

Designated funds

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

General fund

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

Intangible assets

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

Tangible fixed assets

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

Freehold premises 2% per annum on cost

Computers 33.3% per annum on cost

Furniture and equipment 16.67% per annum on cost

Investments in subsidiaries

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

Stock

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

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments.

Pension contributions

The Institution operates two pension schemes as follows:

Contributory final salary scheme

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

This scheme is being accounted for under FRS102, with the annually calculated notional surplus on the funding of the scheme shown in the accounts as a designated fund entitled "Pension Reserve" which is added to unrestricted funds in the balance sheet.

Group personal pension plan

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

Leases

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

Financial instruments

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

Current and deferred tax

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

Critical accounting judgements and estimation uncertainty

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

Useful economic lives of tangible and intangible assets

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

Defined benefit pension scheme asset

The determination of the assumptions used in calculating the defined benefit pension scheme asset is the responsibility of the Trustees. The assumptions are set with regard to advice given by the scheme actuary (see note 22). In this context, significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 December 2019 has been used by the actuary in valuing the pension asset at 31 December 2021.

At the 31 December 2021, the value of the pension asset was £158,000. As there is a degree of uncertainty regarding its recoverability, the figure reported in the statement of financial position has been reduced to £nil. This treatment was considered prudent until its true recoverability is ascertained. The main reason for the uncertainty surrounding the recoverability of the asset relates to the buy-out process currently in progress.

Allocation of support costs

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

Foreign currency

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

2. Donations, legacies and grants

In 2021 the Institution received donations of £43,450 (2020: £47,821) and government grants of £56,976 (2020: £98,613). There was no income from legacies in either 2021 or 2020.

3. Investment income

	2021 £'000	2020 £'000
Bank interest	0.5	4.9

4. Analysis of Support and Governance Costs

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

Comparative figures for 2020

	Management	Legal & finance	Information technology	Governance	Total support and governance costs	Direct costs	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Basis of allocation</i>	<i>Head count</i>	<i>Head count</i>	<i>Head count</i>	<i>Head count</i>			
Charitable trading	27.6	6.9	10.6	4.1	49.2	71.4	120.6
Trading subsidiaries	259.8	64.8	100.0	38.1	462.7	1,108.9	1,571.6
Membership & qualification activities	721.1	179.9	277.7	105.8	1,284.5	2,077.3	3,361.8
Technical & professional learning & development	185.1	46.2	71.3	27.1	329.7	899.9	1,229.6
Other charitable activities	135.4	33.8	52.1	19.9	241.2	408.7	649.9
Total	1,329.0	331.6	511.7	195.0	2,367.3	4,566.2	6,933.5

5. Net income for the year is stated after charging

	2021 £'000	2020 £'000
Auditors' remuneration		
For audit services	31.8	30.8
Depreciation of fixed assets	388.5	362.7

6. Information regarding employees, trustees and key management personnel

The average number of staff employed by the Institution in 2021 was 65 (2020: 63), split across the functions below.

Function	2021	2020
Charitable trading	1	1
Trading subsidiaries	9	9
Membership and qualification	25	24
Technical and professional learning and development	7	7
Other charitable activities	3	4
Support and governance	20	18
Total	65	63

Staff costs comprise:

	2021 £'000	2020 £'000
Salaries	2,752.8	2,614.9
Permanent health Insurance	48.8	51.5
Social security costs	317.5	298.4
Pension costs	363.5	281.7
Staff welfare, training and recruitment	176.0	260.2
	3,658.6	3,506.7

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

	2021	2020
£ 60,001 - £ 70,000	3	4
£ 70,001 - £ 80,000	1	1
£ 80,001 - £ 90,000	1	1
£ 90,001 - £100,000	-	1
£100,001 - £110,000	2	1
£180,001 - £190,000	1	1

All staff in this category are members of the Institution group personal plan. Pension contributions of £43,754 (2020: £48,272) were paid in respect of these employees.

The Board is drawn from the membership of the Institution. No Trustee received any remuneration for their duties as Trustees (2020: none). Trustees are reimbursed for travelling expenses whilst engaged on the activities of the Institution.

Reimbursements were made as follows:

	£'000
Reimbursed in 2021 to 12 members of the Board	5.8
Reimbursed in 2020 to 12 members of the Board	24.9

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

Trustee	Country of Residence	Travel & Subsistence Incurred	Professional Review & Invigilation Fees	Total
P Terrell (Chairman)	France	-	-	-
D McQuillan (President)	United Kingdom	0.9	-	0.9
J Kindregan	Ireland	0.4	-	0.4
C Wildman	United Kingdom	0.5	-	0.5
J Entwistle	United Kingdom	-	-	-
S Jagnarine-Azan	Trinidad	1.9	-	1.9
V Martin	United Kingdom	-	-	-
S Pitchers	United Kingdom	0.2	0.1	0.3
A Ratnakar-Nene	India	-	0.1	0.1
M Al-Dah	United Arab Emirates	0.9	-	0.9
M Visser	South Africa	-	0.2	0.2
M Byatt	United Kingdom	0.6	-	0.6

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

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

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

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

The key management personnel of the parent charity, the Institution, comprise the Trustees, the Chief Executive Officer, Deputy Chief Executive and the Chief Operating Officer. The total employee benefits of the key management personnel were £395,730 (2020: £387,267).

7. Fixed Assets

Consolidated and Charity

	Freehold Premises	Computers	Furniture and Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
Balance at 1 January 2021	9,527.9	708.5	188.0	10,424.4
Additions	-	6.7	-	6.7
Disposals	-	(0.8)	-	(0.8)
Balance at 31 December	9,527.9	714.4	188.0	10,430.3
Accumulated Depreciation				
Balance at 1 January 2021	902.7	666.8	179.2	1,748.7
Charge for year	148.6	17.3	2.7	168.6
Disposals	-	-	-	-
Balance at 31 December	1,051.3	684.1	181.9	1,917.3
Net Book Value				
At 31 December 2021	8,476.6	30.3	6.1	8,513.0
At 31 December 2020	8,625.2	41.7	8.8	8,675.7

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

8. Intangible assets

Consolidated and Charity

	Websites £'000
Cost	
Balance at 1 January 2021	1,186.8
Additions	533.4
Disposals	-
Balance at 31 December 2021	1,720.2
Amortisation	
Balance at 1 January 2021	500.1
Charge for year	219.9
Disposals	-
Balance at 31 December 2021	720
Net Book Value	
At 31 December 2021	1,000.2
At 31 December 2020	686.7

9. Investments in subsidiaries

The group has the following subsidiary trading companies:

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

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

IStructE FZ LLC is a Branch office of IStructE Ltd.

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

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

10. Results and net assets of trading subsidiaries

	IStructE Ltd £'000	SER Ltd £'000	IStructE (Asia-Pac) Ltd £'000	CROSS-AUS Ltd £'000	IStructE FZ LLC £'000	Total* £'000	2020 £'000
Turnover	893.6	1,304.8	-	2.7	2.0	2,203.1	1,764.3
Cost of sales	(325.4)	(370.6)	-	(0.1)	(0.5)	(696.6)	(575.9)
Gross profit	568.2	934.2	-	2.6	1.5	1,506.5	1,188.4
Administrative expenses	(398.0)	(323.8)	(5.7)	-	-	(727.5)	(732.4)
Operating profit before tax	170.2	610.4	(5.7)	2.6	1.5	779.0	456.0
Amount donated to the Institution	-	-	-	-	-	-	-
	170.2	610.4	(5.7)	2.6	1.5	779.0	456.0
Corporation tax	-	-	-	-	-	-	-
Amount retained by the subsidiary	170.2	610.4	(5.7)	2.6	1.5	779.0	456.0
Fixed assets	28.2	-	-	-	-	28.2	28.2
Current assets	420.6	490.4	25.2	5.2	36.8	978.2	990.8
Current liabilities	(287.2)	(160.0)	(10.0)	-	-	(457.2)	(496.8)
Net assets and funds	161.6	330.4	15.2	5.2	36.8	549.2	522.2

* Turnover includes inter-company activity of £17.5k (2020: £17.5k) which was removed from the figures shown in the statement of financial activity.

11. Investment in joint venture

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

	2021	2020
	£'000	£'000
Turnover	236.1	401.9
Cost of sales	(83.6)	(50.3)
Gross profit	152.5	351.6
Administrative expenses	(139.3)	(96.3)
Operating profit before tax	13.2	255.3
Amount paid in gift aid	-	(20.0)
Amount retained	13.2	235.3
Intangible assets	229.7	160.2
Fixed assets	1.5	1.7
Current assets	92.7	156.0
Current liabilities	(148.8)	(82.6)
Net assets and funds	175.1	235.3
Share of net assets		
Institution of Structural Engineers – 50%	87.55	117.65
Institution of Civil Engineers – 50%	87.55	117.65
	175.1	235.3
Income from joint venture		
Share of profit from joint venture	6.6	117.7
Gift aid received during 2021	36.7	10.0
	43.3	127.7

12. Stock

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Finished goods	4.6	5.1	4.6	5.1
	4.6	5.1	4.6	5.1

13. Debtors

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Debtors in respect of charitable services	291.7	130.5	186.0	75.3
Amounts due from IStructE Ltd	-	-	141.2	122.4
Amounts due from Structural Engineers Registration Ltd	-	-	79.2	77.2
Other debtors and prepayments	515.7	307.4	482.6	291.5
Other taxation and social security	10.4	1.9	10.4	1.9
	817.8	439.8	899.4	568.3

14. Creditors: Amounts falling due within one year

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Mortgage falling due within one year	122.3	122.3	122.3	122.3
Creditors	187.5	274.7	149.3	208.8
Other creditors	213.5	197.0	266.5	184.7
Accruals	170.6	175.0	139.5	147.5
Deferred income	1,952.6	2,138.1	1,879.7	2,057.4
Other taxation and social security	138.2	167.2	92.2	84.7
	<u>2,784.7</u>	<u>3,074.3</u>	<u>2,649.5</u>	<u>2,805.4</u>

15. Creditors: Amounts falling due after one year

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Mortgage falling due after one year	<u>1,044.0</u>	<u>1,166.2</u>	<u>1,044.0</u>	<u>1,166.2</u>

16. Financial instruments

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

Loan is repayable as follows:

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Within one year	127.1	122.3	127.1	122.3
Between one and two years	132.1	127.1	132.1	127.1
Between two and five years	907.2	1,039.2	907.2	1,039.2
	<u>1,166.4</u>	<u>1,288.6</u>	<u>1,166.4</u>	<u>1,288.6</u>

In November 2019, the Board approved an extension to the loan, increasing it to £1.4m, which equals the amount borrowed in 2014. The loan is for 5 years but has a 10- year profiling, which explains why it is fully repayable at the end of 5 years, although rather than a balancing payment, at the end of the 5 years, an additional 5 years will be added to the loan in line with the profile agreed with Barclays Bank. The rate of interest is fixed at 3.86% for the first 5 years, to be repaid in equal instalments until December 2025. At the end of the 5th year the rate of interest will be re-negotiated on the amount outstanding for the final 5 years. The purpose of the loan is to finance the business transformation projects planned over the next 5 years. The loan is secured by a first charge on the Institution's 47-58 Bastwick Street property. The ratio for the loan to property is 14% (2020: 15%).

17. Movement in permanent endowment funds

	1 January 2021	Income	Expenditure	31 December 2021
	£'000	£'000	£'000	£'000
Prize funds	<u>31.3</u>	<u>-</u>	<u>-</u>	<u>31.3</u>

	1 January 2020	Income	Expenditure	31 December 2020
	£'000	£'000	£'000	£'000
Prize funds	<u>31.3</u>	<u>-</u>	<u>-</u>	<u>31.3</u>

18. Movement in restricted funds

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

	1 January 2020 £'000	Income £'000	Transfer to Unrestricted Funds £'000	Expenditure £'000	31 December 2020 £'000
Research fund	65.8	19.1	-	18.3	66.6
Prize funds	2.5	-	-	-	2.5
EEFIT fund	24.1	3.8	-	0.2	27.7
Young Structural Eng. Competition	110.6	0.3	-	-	110.9
Structural Safety	22.2	-	-	22.2	-
Fib(UK)	34.6	18.7	-	16.6	36.7
Barret Prize Fund	3.6	-	-	-	3.6
Pai Lin Li Travel Awards	8.6	-	-	1.0	7.6
Alsop Fund	10.6	-	-	-	10.6
	<u>282.6</u>	<u>41.9</u>	<u>-</u>	<u>58.3</u>	<u>266.2</u>

Purpose of restricted funds

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

19. Movement in unrestricted and designated funds

	1 January 2021	Income	Gains, losses & transfers	Expenditure	31 December 2021
	£'000	£'000	£'000	£'000	£'000
Designated funds					
Prize funds	10.0	-	-	-	10.0
Employee pensions fund	400.0	-	-	119.6	280.4
Bursary fund	-	-	150.0	-	150.0
Bastwick Street fund	4,990	-	-	168.6	4,821.4
England Registration fund	150.0	-	-	-	150.0
Digital Transformation	300.0	-	-	148.4	151.6
Bastwick Street Maintenance fund	150.0	-	-	-	150.0
Development Fund	950.0	-	-	-	950.0
Total designated funds	6,950.0	-	150.0	436.6	6,663.4
Unrestricted funds	3,786.6	8,078.0	(1,060.7)	6,504.8	4,299.1
	10,736.6	8,078.0	(910.7)	6,941.4	10,962.5

	1 January 2020	Income	Gains, losses & transfers	Expenditure	31 December 2020
	£'000	£'000	£'000	£'000	£'000
Designated funds					
Prize funds	9.7	-	0.3	-	10.0
Employee pensions fund	360.0	-	40.0	-	400.0
Bastwick Street fund	5,188.3	-	-	198.3	4,990.0
England Registration fund	100.0	-	52.6	2.6	150.0
Digital Transformation	110.8	-	255.2	66.0	300.0
Bastwick Street Maintenance fund	100.0	-	50.0	-	150.0
Development Fund	615.3	-	334.7	-	950.0
Total designated funds	6,484.1	-	732.8	266.9	6,950.0
Unrestricted funds	3,073.9	7,973.5	(652.5)	6,608.3	3,786.6
	9,558.0	7,973.5	80.3	6,875.2	10,736.6

Funds are designated for the following purposes:

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

20. Analysis of assets and liabilities between funds for the year ended 31st December 2021

	Unrestricted Funds	Restricted Funds	Permanent Endowment Funds	Total 2021
	£'000	£'000	£'000	£'000
Intangible assets	1,000.2	-	-	1,000.2
Investment in joint venture	87.6	-	-	87.6
Tangible fixed assets	8,513.0	-	-	8,513.0
Current assets	5,190.4	269.3	31.3	5,491.0
Current liabilities	(2,784.7)	-	-	(2,784.7)
Long-term liabilities	(1,044.0)	-	-	(1,044.0)
Total net assets	10,962.5	269.3	31.3	11,263.1

Comparative analysis for the year ended 31st December 2020

	Unrestricted Funds	Restricted Funds	Permanent Endowment Funds	Total 2020
	£'000	£'000	£'000	£'000
Intangible assets	686.7	-	-	686.7
Investment in joint venture	117.7	-	-	117.7
Tangible fixed assets	8,675.7	-	-	8,675.7
Current assets	4,698.0	266.2	31.3	4,995.5
Current liabilities	(3,074.3)	-	-	(3,074.3)
Long-term liabilities	(1,166.2)	-	-	(1,166.2)
Pension Scheme Funding Surplus	799.0	-	-	799.0
Total net assets	10,736.6	266.2	31.3	11,034.1

21. Taxation

The Institution is a charity within the meaning of Part 1 Schedule 6 Finance Act 2011. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2011 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

22. Pension schemes

Final salary pension scheme

The Institution contributes to the Institution of Structural Engineers (1973) Pension and Life Assurance Scheme at rates set by the Scheme Actuary and advised to the Trustees by the Scheme Administrator. In accordance with FRS102 the scheme is accounted for as a defined benefit scheme. This scheme is accounted for under FRS102, with the annually calculated notional surplus or deficit on the funding on the scheme shown in the accounts as a designated fund entitled "Pension Reserve" which is deducted from unrestricted funds in the balance sheet. The trustees believe that the scheme currently meets statutory minimum funding requirements. The contributions made by the employer over the financial year have been £110,000. In addition, £62,156 was paid directly in respect of charges for the management of the scheme. The scheme is now paid up and following a triennial valuation of the scheme carried out as at 31 December 2013 the Institution agreed to continue contributions of £20,000 per month, payable since January 2011, until 31 March 2018 (inclusive) in order to make up the deficit disclosed at the valuation. A triennial valuation as at 31 December 2016 has been completed and following this the Institution has agreed to pay contributions of £10,000 a month from April 2018. With effect from December 2021, further contributions have ceased in advance of the buy-in. The Trustees note that the deficit or surplus calculated under FRS102 can vary greatly from year to year depending on the assumptions made at the valuation date. In accordance with FRS102 a Pension surplus is recognised under certain conditions.

22. Pension schemes (*continued*)

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

	31 December 2021	31 December 2020	31 December 2019
	% per annum	% per annum	% per annum
Rate of discount	1.80	1.35	2.05
Inflation (RPI)	3.70	3.25	3.05
Inflation (CPI)	2.90	2.35	2.35
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less with a minimum of 3% p.a.	3.00	3.00	3.00
Allowance for pension in payment increases of RPI or 5% p.a. if less, minimum 3% p.a.	3.90	3.70	3.60
Allowance for commutation of pension for cash at retirement	80% of Post Day	80% of Post Day	Nil

The mortality assumptions adopted at 31 December 2021 imply the following life expectancies:

	2021 Years	2020 Years
Male retiring at age 65 in 2021	21.4	21.4
Female retiring at age 65 in 2021	23.1	23.1
Male retiring at age 65 in 2041	22.7	22.7
Female retiring at age 65 in 2041	24.7	24.6

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

	2021 £'000s	2020 £'000s	2019 £'000s	2018 £'000s	2017 £'000s
Fair value of plan assets	7,108	8,401	8,036	7,172	7,373
Present value of plan liabilities	7,950	7,602	7,438	6,659	7,177
Surplus in scheme	158	799	598	513	196
Recognised surplus	-	799	598	513	196
Defined Benefit asset / (liability) to be recognised	-	-	-	-	-

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

	Year Ending 31 December 2021 £'000s	Year Ending 31 December 2020 £'000s
Scheme liabilities at start of period	7,602	7,438
Interest cost	101	150
Actuarial (gains) / losses	(502)	238
Benefits paid, death in service insurance premiums	(251)	(224)
Plan liabilities at end of period	6,950	7,602

22. Pension schemes (continued)

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

	Year Ended 31 December 2021 £'000s	Year Ended 31 December 2020 £'000s
Fair value of scheme assets at start of period	8,401	8,036
Expected return on scheme assets	112	164
Actuarial ga(losses) / gains	(1,264)	305
Contributions by employer	110	120
Benefits paid, death in service insurance premiums	(251)	(224)
Fair value of scheme assets at end of year	<u>7,108</u>	<u>8,401</u>

The actual return on the scheme assets over the period ended 31 December 2021 was a loss of £1,152,000.

Total expense recognised in the statement of financial activities:

	Year Ended 31 December 2021 £'000s	Year Ended 31 December 2020 £'000s
Net Interest cost	101	150
Losses (gains) on settlements	<u>502</u>	<u>(238)</u>
Total expense recognised in the statement of financial activities	<u>603</u>	<u>(88)</u>

Other Comprehensive Income:

	Year Ended 31 December 2021 £'000s	Year Ended 31 December 2020 £'000s
Return on plan assets (excluding amounts included in net interest cost) – (loss) / gain	(1,264)	305
Experience gains and losses arising on the plan liabilities: Amount of gain	13	404
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities: Amount of gain / (loss)	489	(642)
Effect of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – (loss) / gain	(147)	14
Total amount recognised in other comprehensive income within the statement of financial activities – (loss) / gain	<u>(909)</u>	<u>81</u>

Pension Asset

The report from the actuaries showed a surplus of £158,000 at the 31 December.2021. As the recoverability of this surplus is uncertain, it has been considered prudent to reduce this figure to £nil. The corresponding figure for the year ended 31. December 2020 was £799k.

These amounts are shown on the Balance Sheet, page 23, under the heading 'Pension scheme funding surplus'.

Assets:

	Year Ended 31 December 2021 £'000s	Year Ended 31 December 2020 £'000s	Year Ended 31 December 2019 £'000s
Liability Driven Investments	-	1,273	986
Cash	165	-	11
Insurance Policy	6,943	2,866	3,202
Diversified Growth	-	2,415	2,178
Absolute Return Bonds/Credit	-	1,847	1,659
Total assets	<u>7,108</u>	<u>8,401</u>	<u>8,036</u>

23. Related party transactions

IStructE Ltd

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

	2021	2020
	£'000	£'000
Sales	107.1	72.8
Purchases	30.0	75.0
Management charges from the Institution of Structural Engineers	379.3	335.7
Intercompany balance (Debtor)	141.2	122.5

Structural Engineers Registration Limited

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

	2021	2020
	£'000	£'000
Management charges from the Institution of Structural Engineers	279.3	293.3
Charitable donations to the Institution of Structural Engineers	752.1	-
Intercompany balance (Debtor)	79.2	77.2

Structural Safety Limited

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

	2021	2020
	£'000	£'000
Sales	106.3	162.6
Purchases	263.1	324.4
Management charges from the Institution of Structural Engineers	75.8	83.0
Charitable donations to the Institution of Structural Engineers	36.7	10.0
Intercompany balance (Debtor)	69.8	71.2

IStructE (Asia Pacific) Ltd

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

	2021	2020
	£'000	£'000
Grant from the Institution of Structural Engineers	-	-

IStructE FZ LLC

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

	2021	2020
	£'000	£'000
Grant from the Institution of Structural Engineers	-	-

CROSS-AUS Ltd

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

	2021	2020
	£'000	£'000
Grant from the Institution of Structural Engineers via the Australia Regional Group	5.0	4.2

24. Analysis of changes in net debt

	At the 1 st January 2021	Cash flows	Other non- cash changes	At 31 st December 2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Cash	4,550.6	118.0	-	4,668.6
Borrowings				
Debt due within one year	(122.3)	122.2	(122.2)	(122.3)
Debt due after one year	(1,166.2)	-	122.2	(1,044.0)
	<u>(1,288.5)</u>	<u>122.2</u>	<u>-</u>	<u>(1,166.3)</u>
Total	<u>3,262.1</u>	<u>240.2</u>	<u>-</u>	<u>3,502.3</u>

25. Consolidated statement of financial activities – comparative figures

Year ended 31 December 2020

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Permanent Endowment Funds £'000	2020 Total £'000	2019 Total £'000
Income from:						
Donations and legacies	2	127.3	19.1	-	146.4	46.8
Income from trading activities						
Gross income from charitable trade		136.3	-	-	136.3	136.1
Trading subsidiaries' income		1,746.6	-	-	1,746.6	2,218.5
Income from charitable activities						
Membership and qualification activities		5,050.4	-	-	5,050.4	5,050.0
Technical & professional learning and development		522.0	22.4	-	544.4	161.2
Income from joint venture	11	127.7	-	-	127.7	-
Other charitable activities		258.7	-	-	258.7	273.5
Income from investments	3	4.5	0.4	-	4.9	9.6
Total income		<u>7,973.5</u>	<u>41.9</u>	<u>-</u>	<u>8,015.4</u>	<u>7,895.7</u>
Expenditure on:						
Cost of raising funds	4					
Cost of charitable trading		120.6	-	-	120.6	118.0
Trading subsidiaries costs		1,571.6	-	-	1,571.6	1,700.3
Charitable activities	4					
Membership and qualification activities		3,361.8	-	-	3,361.8	3,505.0
Technical & professional learning and development		1,171.3	58.3	-	1,229.6	1,093.2
Other charitable activities		649.9	-	-	649.9	1,091.0
Total expenditure		<u>6,875.2</u>	<u>58.3</u>	<u>-</u>	<u>6,933.5</u>	<u>7,507.5</u>
Loss on translation of foreign entities		(0.7)	-	-	(0.7)	(5.9)
Net income		<u>1,097.6</u>	<u>(16.4)</u>	<u>-</u>	<u>1,081.2</u>	<u>382.3</u>
Actuarial gain / (loss) on final salary pension scheme	22	81.0	-	-	81.0	(35.0)
Net movement in funds		<u>1,178.6</u>	<u>(16.4)</u>	<u>-</u>	<u>1,162.2</u>	<u>347.3</u>
Reconciliation of funds						
Total funds brought forward		9,558.0	282.6	31.3	9,871.9	9,524.6
Total funds carried forward		<u>10,736.6</u>	<u>266.2</u>	<u>31.3</u>	<u>11,034.1</u>	<u>9,871.9</u>

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