

*The* **Institution**  
*of* **Structural**  
**Engineers**

**ANNUAL REPORT AND ACCOUNTS**

**for the year to 31 December 2017**

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Charity Registered in England & Wales No 233392  
and in Scotland No SC038263

## **Contents**

	<b>Page</b>
<b>Report of the Trustees</b>	
1 Introduction	3
2 Reference and Administrative Information	3
3 Structure, Governance and Management	4
4 Objects and Activities	11
5 Achievements and Performance	12
6 Financial Review	14
7 Plans for Future Periods	16
<b>Appendix A : Financial Statements</b>	<b>A1</b>

## **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 2017. In preparing the report, the Board has complied with the Charities Act 2011, the Statement of Recommended Practice – Accounting and Reporting by Charities (2015) ('SORP') and applicable accounting standards.

## **2 Reference and Administrative Information**

### **2.1 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.

### **2.2 Address of principal office**

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

### **2.3 Trustee Board**

During 2017 the Trustees were:

Glenn Bell	Ian Firth	Simon Pitchers
Alan Crossman*	Tim Ibell*	John Staves*
Tanya De Hoog*	Joe Kindregan	Faith Wainwright
Jane Entwistle	Victoria Martin	Ron Watermeyer

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

David Knight, Don McQuillan and Marelize Visser were appointed Trustees from 1 January 2018.

### **2.4 Staff Directorate**

Martin Powell	Chief Executive
Darren Byrne	Deputy Chief Executive
Tina Cardy	Director of Communications
Sue Doran	Company Secretary and Director of Regulations
Vipan Narang	Director, Corporate Services
Silvia Pilotto	Director, Digital and Data
Peter Welland	Commercial Director

### **2.5 Professional Advisers**

#### **2.5.1 Bankers**

Barclays Bank, Level 27, One Churchill Place, London, E14 5HP

#### **2.5.2 Solicitors**

Beale & Company Solicitors LLP, Capital House, 85 King William Street, London, EC4N 7BL

ReedSmith LLP, Level 14, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, PO Box 46904, Abu Dhabi, UAE

### **2.5.3 Auditors**

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

### **2.5.4 Insurance Brokers**

Griffiths & Armour Insurance Brokers, Drury House, 19 Water Street, Liverpool L2 0RL

### **2.5.5 Facilities Consultant**

APEX 4D, Pearl House, Comondale Way, Bradford, West Yorkshire, BD4 6SF

### **2.5.6 Health and Safety Consultant**

RHSS Ltd, Davis House Business Centre, Suite 422, 4<sup>th</sup> Floor, High Street Croydon, CR0 1QQ

### **2.5.7 Digital Consultants**

Indigo Blue Consulting Ltd, Ormond House, 3 Duke of York Street, London SW1Y 6JP

Ridgeway, Riverside House, Two Rivers, Witney, Oxfordshire, OX28 4BH

Distinction, 4-6 Broadway, The Lace Market, Nottingham, NG1 1PS

## **3 Structure, Governance and Management**

### **3.1 Organisational Structure**

The Institution was founded in 1908 and was incorporated by Royal Charter on 4 May 1934; a Supplemental Charter was granted on 2 November 1965. On 1 December 2004, those Charters were revoked by a further Supplemental Charter, with associated Bye-laws. Some changes to the Bye-laws were approved by Extraordinary General meetings held on 9 October 2009 and 17 January 2014. These were approved by the Privy Council on 15 December 2009 and 24 February 2014, respectively. The Charter empowers the Board to make Regulations relating to the Institution and for the conduct of members: such Regulations became operative on 1 December 2004; they are kept under review, and were last amended during 2017.

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) - collectively referred to as 'the Institution Group'. The activities of the trading companies are summarized in Section 3.3.7.

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, with the help of the staff directorate.

The Council (which includes members elected by and from Chartered and Incorporated Structural Engineers, Technician Members and graduates worldwide, as well as regional group chairmen and others) supports 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 each year it elects the President and the Board.

## **3.2 Governance**

The President is, ex officio, chairman of the Board, which comprises 11 other members. Each year, the Council appoints three Vice-Presidents and two Past Presidents to the Board. The other members of the Board are elected by and from members of the Council.

The Vice-Presidents who were not otherwise members of the Board attended Board meetings by invitation. The Board may invite specialist advisers to attend. The Chief Executive and other members of the staff directorate team are also in attendance. 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 2017; when the incoming President and members of the Board, the Council and committees took office. The session ran to 31 December 2017. At the first meeting of the session, Board members received training in trusteeship.

At the end of the session, each Board member was asked to complete an evaluation of their own performance during the year and that of the Board, and a report was given to the Board of the outcome so that improvements may be effected.

## **3.3 Management**

### **3.3.1 Committee and Panels**

The committee structure is shown on page 6.

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 three topic head committees.

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

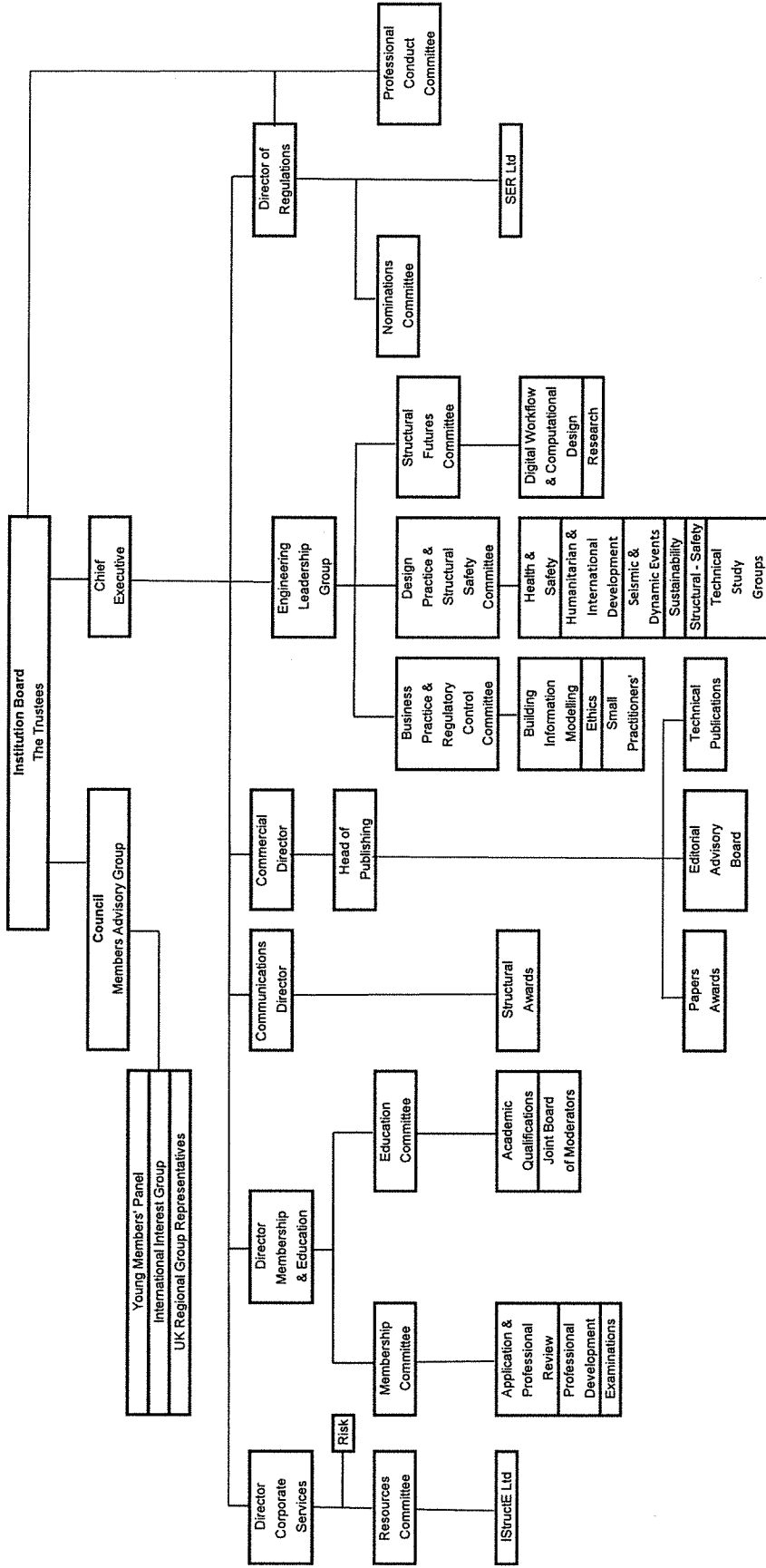
The Professional Conduct Committee keeps the code of conduct, guidance notes and disciplinary procedures under review, and investigates allegations of misconduct made against members and also misrepresentations relating to Institution membership.

The Nominations Committee makes annual recommendations to the Council concerning the election of the President, the Vice-Presidents and the other members of the Council, and also the appointment and election of members of the Board. It also adjudicates on Institution Awards made to individuals.

Panels, which deal with specific areas of activity, report as shown on page 6.

### **3.3.2 Regional Groups**

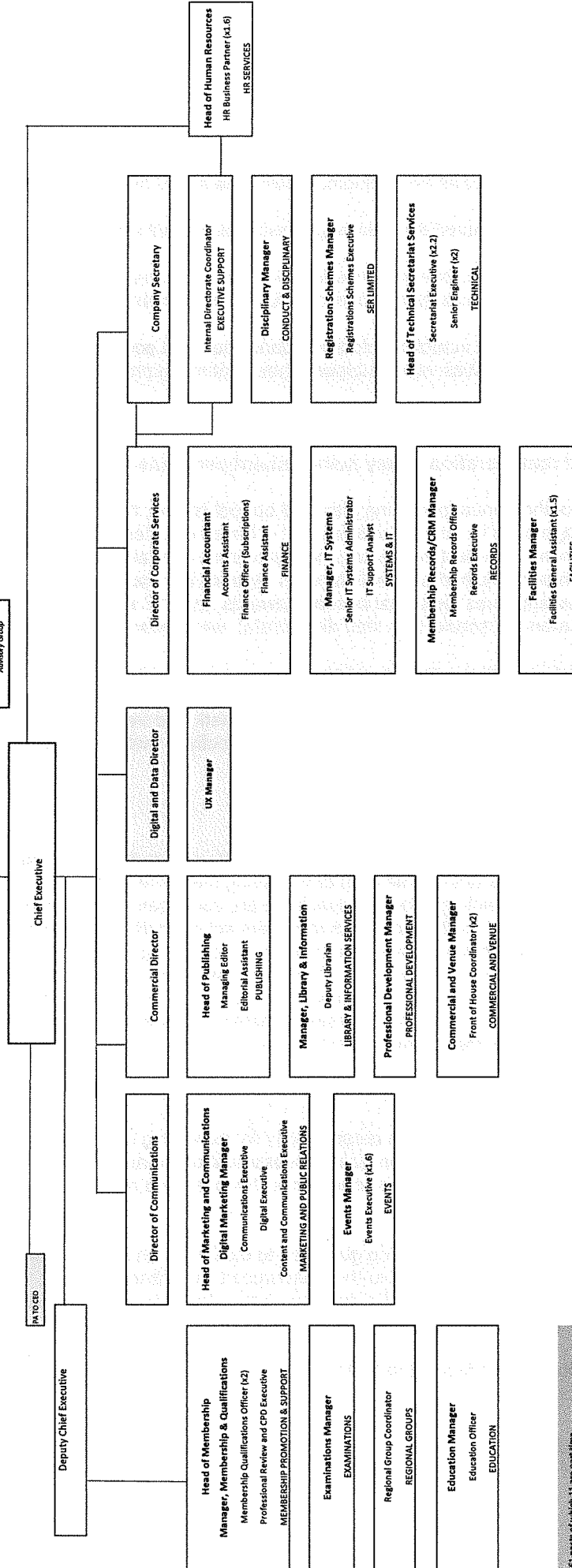
Institution members throughout the world, where there are sufficient concentrations of members, are allocated to regional groups. Such regional groups are run by committees, which arrange learned society, continuing professional development and networking events, to complement those organised by the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



Committee Structure 2017

COUNCIL  
Elected Representatives  
Advisory Group

CHARITY TRUSTEES  
The Board



61 posts of which 11 are part time

### 3.3.3 Staff

With an average staff employed during the year of 53, the staff establishment at 31 December 2017 was 61 (which included 11 part-time staff). At 31 December 2016, the comparable figure was 56 (including 8 part-time staff). The staff organogram is on page 7.

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

*To provide a service of excellence to members and non-members in the field of Structural Engineering in a professional, conscientious and efficient manner.*

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

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

#### 3.3.3.1 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. In 2017 awards for all staff, including key management personnel (the staff directorate), were awarded at a flat rate level.

The Chief Executive's remuneration is assessed separately by a panel of senior Board members that includes the Immediate Past President, the Senior Vice-President and the President against criteria that includes benchmark and trend information compiled by the Institution's HR Manager and performance objectives that have been agreed between the review panel and the Chief Executive.

### 3.3.4 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 at least 600 individuals. Additionally, around 25 members act as Institution representatives in countries outside the United Kingdom where there is no regional group; and around 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.

### 3.3.5 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.

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, an on-line structural behaviour course, Essential Knowledge texts, Technical Guidance Notes and e-library provision.
  - Increased involvement in careers activities including production of educational videos and a focus on young member events including the 2017 Young Engineer Conference.
  - 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 Chartered membership by introducing flexibility in how candidates may satisfy the Masters level academic requirement and the order in which candidates may take their Professional Review Interview and Examination.
- 
- 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. Ahead of the introduction of the General Data Protection Regulation in May 2018 all associated policies and procedures are being reviewed and updated as necessary.
  - Resilience of commercial revenue – In order to reduce reliance on income from membership subscriptions a number of new revenue streams, including an extensive programme of CPD courses, are being developed through IStructE Ltd. To minimise the risk associated with these only modest growth is assumed when developing budgets for these activities.
  - 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.
  - 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 significant projects involving capital expenditure are undertaken there is likely to be a risk of increases in costs. Mitigation measures include development of detailed project specifications before they are commenced and appropriate levels of project management. During 2017 a policy covering capital expenditure, largely formalising current practice and incorporating best practice, has been developed and will be introduced in 2018.

### 3.3.6 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.

### **3.3.7 Subsidiary Companies**

#### **3.3.7.1 IStructE Ltd**

IStructE Ltd undertakes activities relevant to the profession of structural engineering which either the Institution as a charity is unable to undertake or which can more effectively be conducted through the company. Its current activities include advertising in *The Structural Engineer*, room hire, sponsorship, courses and conferences.

During 2016 the company incorporated a branch in the UAE, IStructE FZ LLC, in order to facilitate the Institution's activities in the area. As at 31 December 2017 it had not commenced trading.

#### **3.3.7.2 Structural Engineers Registration Ltd**

Structural Engineers Registration Ltd promotes and manages schemes for the registration of individuals and organisations engaged in the certification of structures. It currently provides schemes of certification of the design of building structures in relation to the Building Regulations in Scotland and Jersey.

#### **3.3.7.3 IStructE (Asia Pacific) Ltd**

IStructE (Asia Pacific) Ltd, which is incorporated in Hong Kong, will support the development of the Institution's activities in the region. As at 31 December 2017 it had not commenced trading but it is expected to do so during 2018.

#### **3.3.7.4 Institution of Construction Engineers and Association of Construction Engineers**

These two companies, limited by guarantee and of which the Institution is the sole member, are dormant.

### **3.3.8 Connected Charities**

#### **3.3.8.1 The Institution of Structural Engineers Benevolent Fund**

The Institution of Structural Engineers Benevolent Fund is deemed a connected charity as its objects are to make grants and afford assistance to necessitous persons who are members of the Institution of Structural Engineers, and to former members and dependents of members and as it benefits from administrative services provided by the Institution. During 2017 the Institution donated £10,775 of administrative services to the Benevolent Fund and collected £34,863 of donations from its members and paid these to the Fund.

#### **3.3.8.2 The Institution of Structural Engineers Educational Trust**

The Institution of Structural Engineers Educational Trust is deemed a connected charity by having similar objects to the Institution and benefitting from administrative services provided by the Institution. During 2017 the Institution donated £11,409 of administrative services to the Educational Trust. The Trust is scheduled to wind up its affairs during 2018 with any remaining assets being transferred to the Institution.

## **4 Objects and Activities**

### **4.1 Objects**

The Institution's objects are laid down in its Royal Charter, and may be summarised as being:

- To promote the advancement of structural engineering, and
- To facilitate the exchange of information and ideas relating to structural engineering

### **4.2 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.

### **4.3 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 their professional competence
- Fulfilling the Institution's learned society role
- Promoting the Institution and the profession of structural engineering
- Ensuring an 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

### **4.4 Objectives for 2017**

The objectives for 2017 included:

- The global roll out of a structural behaviour examination building on the success of a pilot undertaken in 2016.
- A major expansion of the CPD courses delivered through IStructE Ltd following the introduction of a new programme in late 2016.
- Development of materials to support regional groups in delivering examination preparation courses.
- Implementation of changes to the annual Structural Awards, including the introduction of a new set of categories that focus on structural excellence, whilst celebrating the 50<sup>th</sup> anniversary of the Awards.
- Assessment reviews focussed on:
  - The Chartered Membership examination and its fitness for purpose and alignment with industry and world standards.
  - The risks and opportunities for overhaul of the international membership subscription structure
  - The opportunities for an engineer registration scheme in England and Wales.

## **4.5 Public Benefit**

### **4.5.1 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.

### **4.5.2 Detriment or harm**

Any knowledge or professional position may be misused, and mistakes can occur. However, the Board considers that no detriment or harm should arise from the Institution carrying out its aims. It is not aware of any contrary views held by others.

### **4.5.3 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 profession 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.

### **4.5.4 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.

## **5 Achievements and Performance**

### **5.1 Overall Review**

2017 saw the Institution making good progress across a number of fronts in support of the strategy approved by the Board in 2014.

Objectives set for 2017 which were accomplished during the year included:

- A review of the Chartered Membership Examination and its fitness for purpose and alignment with industry and world standards.
- Development of materials to support regional groups in delivering examination preparation courses.
- A major expansion of the CPD courses delivered through IStructE Ltd.
- Implementation of changes to the annual Structural Awards, including the introduction of a new set of categories that focus on structural excellence, whilst celebrating the 50<sup>th</sup> anniversary of the Awards.

The review of the Institution's governance arrangements which commenced in 2016 was completed in 2017. Recommendations from the review will be implemented in 2018.

The Business Digital Transformation Strategy, agreed by the Board in 2016, continued to be implemented. The initial stages included development of enhanced regional communications systems and improvement of facilities for data capture for a variety of

stakeholder groups. A Director to lead the strategic programme and its implementation was appointed during the year.

In support of the Engineering Strategy rolled out in 2016 'lead engineers' in the areas of Structural Safety and Computational Design were appointed.

The internal review of the Institution's staff recruitment, retention, reward and development protocols commenced in 2016 continued in 2017. A new staff appraisal system was introduced towards the end of 2017.

The global rollout of the Structural Behaviour Examination was not achieved during 2017 but plans were well advanced for this to happen in 2018.

The anticipated creation of a joint venture company with the Institution of Civil Engineers in relation to the existing SCOSS and CROSS schemes was not achieved during the year. It remains a target for 2018.

During the year the Institution has collaborated with other professional bodies around the world including other professional engineering institutions, the Royal Academy of Engineering (RAEng) and the Construction Industry Council (CIC) (built environment organisations) on matters of mutual interest. Of particular note is work undertaken with CIC and RAEng preparing input to the reviews and Public Inquiry taking place following the fire at Grenfell Tower in London in June 2017.

## **5.2 Scotland**

The Scottish Regional Group delivered a full professional programme during 2017. This included 10 evening lectures, 5 half-day seminars, one full day seminar, a student model competition, and a series of evening workshops (in Glasgow and Edinburgh) preparing candidates for the Chartered Membership examination. All of these were well attended with average attendance at evening meetings being over 70 and an average of over 110 at afternoon seminars. The Young Members' Group organised 4 evening meetings and 1 site visit with average attendance of over 25 at these events.

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

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), with 2 joint evening meetings held with 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 Group fosters good links with schools and younger people to promote greater awareness of the importance of the engineering profession and once again supported the Rotary Club technology events throughout Scotland.

The Institution's trading subsidiary Structural Engineers Registration Ltd operates a Scheme of Certification of Design (Building Structures) under the Building (Scotland) Act 2003 for the Scottish Government Building Standards Division.

## **6 Financial Review**

### **6.1 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 statement, 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.

### **6.2 Review of the year**

#### **6.2.1 Overall review**

Financial performance during 2017 was good with the year end position of a surplus of £54k being approximately £154k better than the budget set for the year. Total Group income was £7.2m, with £4.0m coming from members' subscriptions and £2.1m from the trading subsidiaries.

Repayments on the mortgage (circa 11% of asset value) taken to fund the redevelopment of the building in Bastwick Street in 2014 were fully discharged within the forecast cash flow parameters agreed by the Board and the Institution's Bankers.

#### **6.2.2 Principal Income Sources**

Some 63% of the Institution Group's income comes from membership and qualification activities; 4% from advertising and online income from *The Structural Engineer*; 17% from the trading activities of SER; 1% from publications sales; 6% from courses and conferences; and the remaining 9% from a range of smaller activities within the charity and the trading companies.

#### **6.2.3 How expenditure has supported the Institution Group's main activities**

The Institution has a vision "to lead, support and nurture the development of structural engineering worldwide". During 2017 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.

### **6.3 Investment Policy and Performance**

Where cash flow projections allow, funds are invested in low-risk investments with no specific exclusions. This allows for optimising the return on the Institution's funds whilst making sure that cash is always available to meet specific needs. At the end of 2017, the Institution did not hold any investments outside its current account. During the year, £0.1k of interest was received from this account.

## **6.4 Reserves**

At the end of 2017, the Institution had total unrestricted reserves, after the pension reserve, of £9.1m. The majority of this is Designated Funds, and in particular the Bastwick Street Fund (see section 6.4.2), with £2.3m in the General Fund.

As at 31 December 2017 the Institution had free reserves of negative £0.9m. Free reserves are calculated using the total Unrestricted Fund, less Designated Funds (excluding the Bastwick Street Fund) and Fixed Assets, adding back the loan used for the redevelopment of Bastwick Street. The negative figure for free reserves reflects the Institution's purchase of freehold property in 2014 and its redevelopment. As a consequence the Institution moved from holding high cash reserves to having a long term fixed asset.

The negative free reserve position is not an undue concern given it is mitigated against by the use of the freehold property in generating income and that as commercial revenues grow, and with the offset of depreciation, the Trustees expect free reserves to return to a positive position. The free reserves position will be monitored on an annual basis.

During 2016 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 £1.8m. During much of 2017 this target was not met (the minimum figure being £1.2m) although with the advance receipt of subscriptions for 2018 as at 31 December 2017 free cash reserves were £1.9m. During 2018 the Board will consider the strategy to be adopted in order to increase the level of cash reserves, so that the target can be met at all times, as part of a five year planning exercise.

### **6.4.1 General Fund**

The General Fund is a reserve used for the short and long-term development of the Institution and also for unexpected events such as a possible significant shortfall in income. At 31 December 2017 the fund stood at £2.3m.

### **6.4.2 Bastwick Street Fund**

This fund recognises the accounting profit from the sale of the lease on 11 Upper Belgrave Street in 2013. It is a non-cash fund. It is used to offset the annual depreciation charge against the costs incurred and capitalised for the Institution's Bastwick Street premises. It will be fully utilised by 2040.

### **6.4.3 Employee Pension Fund**

The Institution, as employer, continues to discharge its responsibilities to the (closed) final salary pension scheme and during the year made payments of £240k into the scheme in accordance with the agreed recovery plan.

This fund is a contingency and is available for use by the Institution, should it become necessary to provide extra funding for the Scheme. During the year the Institution made payments of £40k from the fund in connection with de-risking activities and transferred a further £50k into the fund. At 31 December 2017 it stood at £281k.

### **6.4.4 England Registration Fund**

This is a short-term fund established in 2011 to fund the work required to investigate the possibility of setting up a scheme of registration of structural engineers in England. It stood at £100k on 31 December 2017.

The use of the fund will depend on whether sufficient indication is obtained that there is an appetite in Government for the setting up of such a scheme.

#### **6.4.5 Bastwick Street Maintenance Fund**

This fund was set up in 2015 to fund future maintenance work to the Institution's headquarters building. At 31 December 2017 it stood at £65k.

#### **6.4.6 Digital Transformation Fund**

This fund was set up in 2016 to fund future digital projects. As at 31 December 2017 it stood at £225k

#### **6.4.7 Prize Fund**

The Prize Fund is a permanent fund comprising funds donated to provide educational and examination prizes. At the end of 2017 it stood at £10k.

#### **6.4.8 Allocation to Funds**

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.

#### **6.5 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 2017 (£196K), and year-ending 31 December 2016 (£57K).

#### **6.6 Grant making policy**

##### **6.6.1 The Institution and Regional Group Awards**

As a learned society, the Institution has a policy of encouraging its members in order to ensure that the work they undertake is carried out to a high standard. As part of this policy of encouragement, awards are given each year to 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 structures. Each of these award winners receives a certificate, Some also receive a plaque or a financial reward (in the £50-£200 range).

##### **6.6.2 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.

#### **7 Plans for Future Periods**

##### **7.1 Long and medium-term strategy**

In 2014 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. This was reviewed by the Board during 2017.

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.

Internationally it will achieve these aims by:

- Extending the reach of comparability examination standards.
- Offering on-line assessment examinations to support the development of young professionals.
- Developing collaborative relationships with international institutions to enable shared access to technical, engineering and educational materials.
- Developing a range of affiliate membership programmes that may have particular attraction in countries that do not have formal competency tests.

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.
- Value of society.

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

## **7.2 Looking ahead to 2018**

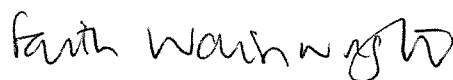
The Board has endorsed an ambitious programme of objectives for 2018 in support of the 2014 strategic plan. These include:

- The launch of a supplementary examination in the United States
- The launch of a specialist diploma in Fire Engineering
- Development of on-line training courses for conceptual design and examination preparation
- Development of a business plan for an Alternative Dispute Resolution Service

The Business Transformation Project commenced in 2016 will continue throughout 2018. During 2018 the focus of the project will be a redesign of the Institution's website and development of an integrated e-commerce solution.

The recommendations from the governance review completed in 2017 will start to be implemented in 2018.

**Approved by the Board and signed on their behalf by**



**F H Wainwright**

**President 2018**

**Date: 10 May 2018**

## APPENDIX A INDEPENDENT AUDITOR'S REPORT TO TRUSTEES OF THE INSTITUTION OF STRUCTURAL ENGINEERS

### Opinion

We have audited the financial statements of The Institution of Structural Engineers ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 December 2017 which comprise the consolidated statement of financial activities, the consolidated balance sheets, the consolidated and Parent Charity cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 December 2017 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

### Basis for opinion

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

### Conclusions related to going concern

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

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

### Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises the Report of the Trustees. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 (Scotland) Regulations 2006 require us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- proper accounting records have not been kept by the Parent Charity; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of Trustees

As explained more fully in the Responsibilities for the accounts and financial statements, 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the 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

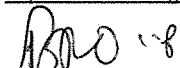
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

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

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

  
BDO LLP, statutory auditor  
Gatwick

Date: 14 May 2018

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

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

## Consolidated statement of financial activities

### Year ended 31 December 2017

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Permanent Endowment Funds £'000	2017 Total £'000	2016 Total £'000
<b>Income</b>						
Donations and legacies		30.2	19.1	-	49.3	34.1
<b>Income from trading activities</b>						
Gross income from charitable trade		132.0	-	-	132.0	126.5
Trading subsidiaries' income		2,130.1	1.5	-	2,131.6	1,869.6
<b>Income from charitable activities</b>						
Membership and qualification activities		4,561.7	-	-	4,561.7	4,248.9
Technical & professional learning and development		-	69.8	-	69.8	110.2
Other charitable activities		241.1	-	-	241.1	224.8
Investment income	2	0.2	-	-	0.2	1.6
<b>Total income</b>		<u>7,095.3</u>	<u>90.4</u>	<u>-</u>	<u>7,185.7</u>	<u>6,615.7</u>
<b>Expenditure</b>						
<b>Cost of raising funds</b>						
Cost of charitable trading	3	127.7	-	-	127.7	122.7
Trading subsidiaries costs		1,623.0	-	-	1,623.0	1,338.9
<b>Charitable activities</b>						
Membership and qualification activities	3	3,111.0	-	-	3,111.0	2,910.6
Technical & professional learning and development		844.9	82.4	-	927.3	828.1
Other charitable activities		1,100.6	-	2.8	1,103.4	1,088.8
<b>Total expenditure</b>		<u>6,807.2</u>	<u>82.4</u>	<u>2.8</u>	<u>6,892.4</u>	<u>6,289.1</u>
<b>Net income/(expenditure)</b>		288.1	8.0	(2.8)	293.3	326.6
Actuarial (loss)/gain on final salary pension scheme	21	(101.0)	-	-	(101.0)	(229.0)
Net movement in funds for the year		<u>187.1</u>	<u>8.0</u>	<u>(2.8)</u>	<u>192.3</u>	<u>97.6</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		8,604.0	244.7	36.8	8,885.5	8,787.9
Total funds carried forward		<u>8,791.1</u>	<u>252.7</u>	<u>34.0</u>	<u>9,077.8</u>	<u>8,885.5</u>

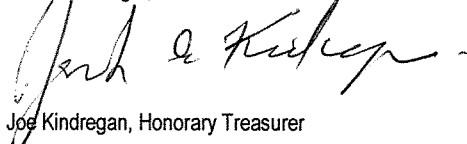
All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above. The notes on pages A6 to A18 form part of these financial statements.

**Consolidated Balance sheet**  
**Year ended 31 December 2017**

	Note	The Group			Charity
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Fixed assets</b>					
Tangible assets	6	9,749.5	9,927.9	9,749.5	9,927.9
Investment in subsidiary companies	7	-	-	0.1	0.1
		<u>9,749.5</u>	<u>9,947.9</u>	<u>9,749.6</u>	<u>9,928.0</u>
<b>Current assets</b>					
Stocks of publications	9	5.5	9.2	5.5	9.5
Debtors	10	370.9	272.0	713.0	721.4
Cash at bank and in hand		<u>2,188.3</u>	<u>2,046.7</u>	<u>1,660.9</u>	<u>1,370.3</u>
<b>Total current assets</b>		<u>2,564.7</u>	<u>2,327.9</u>	<u>2,379.4</u>	<u>2,101.2</u>
<b>Creditors – amounts falling due within one year</b>	11	<u>(2,514.5)</u>	<u>(2,380.3)</u>	<u>(2,329.3)</u>	<u>(2,153.7)</u>
<b>Net liabilities</b>		<u>50.2</u>	<u>(52.4)</u>	<u>50.1</u>	<u>(52.5)</u>
<b>Creditors – amounts falling due after one year</b>	12	<u>(917.9)</u>	<u>(1,047.0)</u>	<u>(917.9)</u>	<u>(1,047.0)</u>
<b>Total net assets before pension scheme surplus</b>		<u>8,881.8</u>	<u>8,828.5</u>	<u>8,881.8</u>	<u>8,828.5</u>
<b>Pension scheme funding surplus</b>	21	<u>196.0</u>	<u>57.0</u>	<u>196.0</u>	<u>57.0</u>
<b>Total net assets after pension scheme surplus</b>		<u>9,077.8</u>	<u>8,885.5</u>	<u>9,077.8</u>	<u>8,885.5</u>
<b>Funds of the charity</b>					
Unrestricted funds:					
Designated funds	16	6,310.7	6,342.5	6,310.7	6,342.5
General funds		<u>2,284.4</u>	<u>2,204.5</u>	<u>2,284.4</u>	<u>2,204.5</u>
Total unrestricted funds excluding pension reserve		8,595.1	8,547.0	8,595.1	8,547.0
Pension reserve	21	<u>196.0</u>	<u>57.0</u>	<u>196.0</u>	<u>57.0</u>
Total unrestricted funds		<u>8,791.1</u>	<u>8,604.0</u>	<u>8,791.1</u>	<u>8,604.0</u>
Permanent endowment funds	14	34.0	36.8	34.0	36.8
Restricted funds	15	<u>252.7</u>	<u>244.7</u>	<u>252.7</u>	<u>244.7</u>
<b>Total funds</b>		<u>9,077.8</u>	<u>8,885.5</u>	<u>9,077.8</u>	<u>8,885.5</u>

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

  
 Faith Wainwright, President

  
 Joe Kindregan, Honorary Treasurer

Date: 10th May 2018.

## Consolidated and Charity statement of cash flow

### Year ended 31 December 2017

Reconciliation of changes in resources to net cash inflow from operating activities	Note below	Group		Charity	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Cash flows from operating activities</b>					
Net income		293.3	326.6	293.3	326.6
Investment income	2	(0.2)	(1.6)	(0.2)	(1.6)
Interest payable		54.3	60.1	54.3	60.1
Depreciation	4	369.2	258.1	369.2	258.1
Decrease in stock	9	3.7	1.6	4.0	1.3
(Increase) / Decrease in debtors	10	(98.9)	(49.8)	8.4	(118.9)
Increase / (Decrease) in creditors	11	134.2	382.7	175.6	267.0
Difference between pension charge and cash contribution	21	(240.0)	(207.0)	(240)	(207.0)
<b>Net cash generated from operating activities</b>		<u>515.6</u>	<u>770.7</u>	<u>664.6</u>	<u>585.6</u>
<b>Cash flow from investing activities</b>					
Purchase of tangible fixed assets	6	(190.8)	(270.2)	(190.8)	(270.2)
Interest received	2	0.2	1.6	0.2	1.6
<b>Net cash from investing activities</b>		<u>(190.6)</u>	<u>(268.6)</u>	<u>(190.6)</u>	<u>(268.6)</u>
<b>Cash flow from financing activities</b>					
Capital element of mortgage repaid		(129.1)	(117.2)	(129.1)	(117.2)
Interest paid		(54.3)	(60.1)	(54.3)	(60.1)
<b>Net cash from financing activities</b>		<u>(183.4)</u>	<u>(177.3)</u>	<u>(183.4)</u>	<u>(177.3)</u>
Increase in cash in year		141.6	324.8	290.6	139.7
Cash and cash equivalents at the beginning of the year		<u>2,046.7</u>	<u>1,721.9</u>	<u>1,370.3</u>	<u>1,230.6</u>
Cash and cash equivalents at the end of the year		<u>2,188.3</u>	<u>2,046.7</u>	<u>1,660.9</u>	<u>1,370.3</u>

The notes on pages A6 to A18 form part of these financial statements.

# Notes to accounts

## Year ended 31 December 2017

### 1. Accounting policies

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), 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).

#### **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 2017 (£196,000), and year-ending 31 December 2016 (£57,000). The amounts noted above are as shown on the Balance Sheet, page A3, under the heading 'Pension scheme funding surplus'.

#### **Basis of consolidation**

The financial statements include the consolidation of IStructE Limited and Structural Engineers Registration Limited (wholly owned subsidiaries of the Institution) on a line by line basis. The financial statements of the Institution's two connected charities, The Benevolent Fund and the Educational Trust, have not been included within the group consolidation. In addition, the overseas subsidiary IStructE (Asia-Pacific) Limited has not been consolidated as its activities were considered not to be material.

The activities of the international regional groups, together with their assets and liabilities, are not consolidated as being immaterial.

#### **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:

#### **Members' subscriptions and fees**

Member's subscription and fees due are treated as income when receivable. Amounts received in respect of future years are carried forward in the accounts as deferred income until the relevant subscription year.

#### **Donations and grants**

Donations and grants are included in the financial statements when the conditions of receipt have been met.

#### **Fees received for charitable services**

These represent amounts receivable in respect of goods or services provided during the year.

#### **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.

#### **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:

#### **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 3.

Parent company disclosure exemption

### 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.

### 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	50 years
Computers	33.3% per annum on cost
Furniture and equipment	16.67% per annum on cost or valuation.
Website	16.67% per annum on cost

### Investments in subsidiaries

Investments in subsidiaries are shown at cost.

### 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 13.

## 2. Investment income

	2017 £'000	2016 £'000
Bank interest	<u>0.2</u>	<u>1.6</u>

## 3. Analysis of Support and Governance Costs

	Management	Legal & finance	Information technology	Governance	Total support and governance costs	Charitable and other activities	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	37.1	6.7	11.2	8.3	63.3	64.4	127.7
Trading subsidiaries	207.8	37.3	62.5	46.6	354.2	1,268.8	1,623.0
Membership & qualification activities	678.9	122.0	204.3	152.3	1,157.5	1,953.5	3,111.0
Technical & professional learning & development	244.9	44.0	73.7	54.9	417.5	509.8	927.3
Other charitable activities	200.3	36.0	60.3	38.4	335.0	768.4	1,103.4
Total	<u>1,369.0</u>	<u>246.0</u>	<u>412.0</u>	<u>300.5</u>	<u>2,327.5</u>	<u>4,564.9</u>	<u>6,892.4</u>

### Comparative figures for 2016

	Management	Legal & finance	Information technology	Governance	Total support and governance costs	Charitable and other activities	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	32.6	4.7	10.1	7.8	55.2	67.5	122.7
Trading subsidiaries	192.4	27.6	59.9	46.1	326.0	1,012.9	1,338.9
Membership & qualification activities	613.0	87.8	190.8	147.0	1,038.6	1,872.0	2,910.6
Technical & professional learning & development	202.2	29.0	62.9	48.5	342.6	485.5	828.1
Other charitable activities	195.6	28.0	60.9	46.9	331.4	757.4	1,088.8
Total	<u>1,235.8</u>	<u>177.1</u>	<u>384.6</u>	<u>296.3</u>	<u>2,093.8</u>	<u>4,195.3</u>	<u>6,289.1</u>

#### 4. Net income for the year is stated after charging

	2017 £'000	2016 £'000
Auditors' remuneration		
For audit services	21.0	20.5
For taxation services	2.8	4.2
Depreciation of fixed assets	369.2	258.1

#### 5. Information regarding employees, trustees and key management personnel

The average number of staff employed by the Institution throughout the year was 53 (2016: 53) split across the below functions.

Function	2017	2016
Charitable trading	1	1
Trading subsidiaries	6	6
Membership and qualification	18	18
Technical and professional learning and development	7	6
Other charitable activities	5	6
Support and governance	16	16
<b>Total</b>	<b>53</b>	<b>53</b>

Staff costs comprise:

	2017 £'000	2016 £'000
Salaries	2,395.2	2,268.1
Permanent health insurance	28.9	25.5
Social security costs	247.8	238.5
Pension costs	279.2	245.8
Staff welfare, training and recruitment	139.7	101.7
	<u>3,090.8</u>	<u>2,879.6</u>

The number of employees whose total emoluments amounted to £60,000 or above for the year is as follows:

	2017	2016
£ 60,000 - £ 70,000	2	-
£ 70,001 - £ 80,000	2	5
£ 80,001 - £ 90,000	1	-
£ 90,001 - £100,000	-	-
£100,001 - £110,000	-	-
£110,000 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	-
£150,001 - £160,000	1	1

All staff in this category are members of the Institution group personal plan. Pension contributions of £12,453 were paid in respect of the highest paid employee.

The Board is drawn from the membership of the Institution. No Trustee received any remuneration for their duties as Trustees (2017: none). Trustees are reimbursed for travelling and other expenses whilst engaged on the activities of the Institution.

Reimbursements were made as follows:

	£'000
Reimbursed in 2017 to 12 members of the Board	92.8
Reimbursed in 2016 to 12 members of the Board	49.3

The higher reimbursements to Trustees in 2017 reflect the nature of the international travel carried out by the President.

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

Trustee	Country of Residence	Travel & Subsistence Incurred	Professional Review Fees	Total
I Firth (President)	United Kingdom	48.1	-	48.1
A. Crossman	United Kingdom	2.7	0.1	2.8

Trustee	Country of Residence	Travel & Subsistence Incurred	Professional Review Fees	Total
T. Ibell	United Kingdom	2.4	-	2.4
J. Staves	United Kingdom	1.5	0.1	1.6
G Bell	USA	16.1	-	16.1
T De Hoog	United Kingdom	0.2	-	0.2
J Entwistle	United Kingdom	4.5	-	4.5
F Wainwright	United Kingdom	1.0	-	1.0
J Kindregan	Ireland	5.7	-	5.7
V Martin	United Kingdom	1.0	-	1.0
S Pitchers	United Kingdom	2.3	-	2.3
R Watermeyer	South Africa	7.1	-	7.1

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.

During the year, payments have been made to trustees for £300 in relation to services provided to conduct Professional Review Interviews, Supplementary Examinations, and other commercial services.

The key management personnel of the parent charity, the Institution, comprise the Trustees, the Chief Executive Officer, Company Secretary and Director of Regulations, Deputy Chief Executive, Director of Commercial Services, Director of Communications, Director of Corporate Services and Director of Digital & Data\*. The total employee benefits of the key management personnel were £569,594 (2016: £522,090).

\* In post since 12<sup>th</sup> June 2017.

## 6. Fixed Assets

Consolidated and Charity

	Freehold Premises	Computers	Furniture and Equipment	Websites	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
Balance at 1 January 2017	9,503.8	570.7	177.3	523.0	10,774.8
Additions	24.1	76.8	2.2	87.7	190.8
Disposals	-	-	-	-	-
Balance at 31 December	9,527.9	647.5	179.5	610.7	10,965.6
<b>Accumulated Depreciation</b>					
Balance at 1 January 2017	308.5	470.5	67.0	0.9	846.9
Charge for year	148.2	86.3	27.9	106.8	369.2
Disposals	-	-	-	-	-
Balance at 31 December	456.7	556.8	94.9	107.7	1,216.1
<b>Net Book Value</b>					
At 31 December 2017	9,071.2	90.7	84.6	503.0	9,749.5
At 31 December 2016	9,195.3	100.2	110.3	522.1	9,927.9

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.

## 7. 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 9	£100
Structural Engineers Registration Ltd	A registration service to engineers in Scotland and Jersey	See note 9	£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	£0k	£0
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. It did not trade during the year.

IStructE FZ LLC is a Branch office of IStructE Ltd. There was no activity during the year.

The Institution operates a number of international regional groups whose assets and liabilities being immaterial have not been incorporated into the financial statements.

## 8. Results and net assets of trading subsidiaries

	IStructE Ltd	SER Ltd	Total	2016
	£'000	£'000	£'000	£'000
Turnover	940.8	1,190.8	2,131.6	1,869.5
Cost of sales	(390.7)	(536.3)	(927.0)	(680.5)
Gross profit	550.1	654.5	1,204.6	1,189.0
Administrative expenses	(419.0)	(315.2)	(734.2)	(597.9)
Operating profit	131.1	339.3	470.4	591.1
Amount donated to the Institution	(131.1)	(339.3)	(470.4)	(591.1)
Amount retained by the subsidiary	-	-	-	-
Current assets	249.3	371.3	620.6	736.3
Current liabilities	(249.2)	(371.3)	(620.5)	(736.2)
Net assets and funds	0.1	-	0.1	0.1

The results of IStructE (Asia-Pacific) Limited are not included as being immaterial.

## 9. Stock

	2017	Group	2017	Charity
	£'000	2016	£'000	2016
		£'000	£'000	£'000
Finished goods	2.9	6.8	2.9	7.1
Work in progress	2.6	2.4	2.6	2.4
	5.5	9.2	5.5	9.5

## 10. Debtors

	2017	Group	2017	Charity
	£'000	2016	£'000	2016
		£'000	£'000	£'000
Debtors in respect of charitable services	95.1	59.5	19.0	6.9
Amounts due from subsidiary undertakings	-	-	435.3	509.2
Other debtors and prepayments	220.5	152.1	204.4	144.9
Other taxation and social security	55.3	60.4	54.3	60.4
	370.9	272.0	713.0	721.4

## 11. Creditors: Amounts falling due within one year

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Mortgage falling due within one year	129.0	123.0	129.0	123.0
Creditors	314.6	238.8	209.3	165.3
Other creditors	101.4	237.5	101.4	200.3
Accruals	153.6	375.5	128.5	260.1
Deferred income	1,714.0	1,334.5	1,682.5	1,334.5
Other taxation and social security	101.9	71.0	78.6	70.5
	<u>2,514.5</u>	<u>2,380.3</u>	<u>2,329.3</u>	<u>2,153.7</u>

## 12. Creditors: Amounts falling due after one year

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Loan falling due after one year	<u>917.9</u>	<u>1,047.0</u>	<u>917.9</u>	<u>1,047.0</u>

## 13. 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	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Within one year	129.0	123.0	129.0	123.0
Between one and two years	135.4	129.0	135.4	129.0
Between two and five years	447.4	426.5	447.4	426.5
After five years	335.1	491.5	335.1	491.5
	<u>1,046.9</u>	<u>1,170.0</u>	<u>1,046.9</u>	<u>1,170.0</u>

In November 2014, a Board approved loan for £1.4m with Barclays Bank was fully drawn down. The loan was utilised to assist in the financing of the redevelopment of 47-58 Bastwick Street. The term of the loan is ten years, at a fixed rate of 4.83% for the first 5 years, to be repaid in equal instalments until November 2024. 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 11.0% (2016: 12.3%).

## 14. Movement in permanent endowment funds

	1 January 2017 £'000	Income £'000	Expenditure £'000	31 December 2017 £'000
Prize funds	<u>36.8</u>	<u>-</u>	<u>2.8</u>	<u>34.0</u>

## 15. Movement in restricted funds

	1 January 2017 £'000	Income £'000	Expenditure £'000	31 December 2017 £'000
Research fund	64.0	20.5	14.0	70.5
Prize funds	2.5	-	-	2.5
EEFIT fund	26.8	3.9	5.1	25.6
Young Structural Eng. Competition	110.2	-	-	110.2
Structural Safety	20.6	45.0	45.0	20.6
Fib(UK)	20.6	21.0	18.3	23.3
	<u>244.7</u>	<u>90.4</u>	<u>82.4</u>	<u>252.7</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.

## 16. Movement in designated funds

	1 January 2017 £'000	Income £'000	Transfers £'000	Expenditure £'000	31 December 2017 £'000
<b>Designated funds</b>					
Prize funds	9.7	-	-	-	9.7
Employee pensions fund	270.3	-	50.0	39.5	280.8
Bastwick Street fund	5,892.5	-	-	262.3	5,630.2
England Registration fund	40.0	-	60.0	-	100.0
Digital Transformation	100.0	-	125.0	-	225.0
Bastwick Street Maintenance fund	30.0	-	35.0	-	65.0
	<u>6,342.5</u>	<u>-</u>	<u>270.0</u>	<u>301.8</u>	<u>6,310.7</u>

### 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
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

## 17. Analysis of assets and liabilities between funds

	Unrestricted Funds	Restricted Funds	Permanent Endowment Funds	Total 2017
	£'000	£'000	£'000	£'000
Tangible fixed assets	9,749.5	-	-	9,749.5
Current assets	2,278.0	252.7	34.0	2,564.7
Current liabilities	(2,514.5)	-	-	(2,514.5)
Long-term liabilities	(917.9)	-	-	(917.9)
Pension Scheme Funding Surplus	196.0	-	-	196.0
<b>Total net assets</b>	<b>8,791.1</b>	<b>252.7</b>	<b>34.0</b>	<b>9,077.8</b>

## 18. Taxation

The Institution is a charity within the meaning of Part 1 Schedule 6 Finance Act 2011. Accordingly, the company 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.

No tax charge arose in the period.

**19. Consolidated statement of financial activities – comparative figures**  
**Year ended 31 December 2016**

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Permanent Endowment Funds £'000	2016 Total £'000
<b>Income</b>					
Donations and legacies		23.3	10.8	-	34.1
<b>Income from trading activities</b>					
Gross income from charitable trade		126.5	-	-	126.5
Trading subsidiaries' income		1,866.1	3.5	-	1,869.6
<b>Income from charitable activities</b>					
Membership and qualification activities		4,248.9	-	-	4,248.9
Technical & professional learning and development		-	110.2	-	110.2
Other charitable activities		224.8	-	-	224.8
Investment income	2	1.5	0.1	-	1.6
<b>Total income</b>		<u>6,491.1</u>	<u>124.6</u>	<u>-</u>	<u>6,615.7</u>
<b>Expenditure</b>					
<b>Cost of raising funds</b>					
Cost of charitable trading	3	122.7	-	-	122.7
Trading subsidiaries costs		1,338.9	-	-	1,338.9
<b>Charitable activities</b>					
Membership and qualification activities	3	2,910.6	-	-	2,910.6
Technical & professional learning and development		712.9	115.2	-	828.1
Other charitable activities		1,083.4	-	5.4	1,088.8
<b>Total expenditure</b>		<u>6,168.5</u>	<u>115.2</u>	<u>5.4</u>	<u>6,289.1</u>
<b>Net income/(expenditure)</b>		322.6	9.4	(5.4)	326.6
Actuarial gain/(loss) on final salary pension scheme	21	(229.0)	-	-	(229.0)
Net movement in funds for the year		<u>93.6</u>	<u>9.4</u>	<u>(5.4)</u>	<u>97.6</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		8,510.4	235.3	42.2	8,787.9
Total funds carried forward		<u>8,604.0</u>	<u>244.7</u>	<u>36.8</u>	<u>8,885.5</u>

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



## 20. Operating lease commitments

At the year end the group and the Charity had total commitments under non-cancellable operating leases of £0 relating to equipment. (2016: £0).

## 21. 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 £240,000. In addition, £68,670 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 recently been completed and following this the Institution has agreed to pay contributions of £10,000 a month from April 2018. 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.

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 2017 % per annum	31 December 2016 % per annum	31 December 2015 % per annum
Rate of discount	2.45	2.60	3.70
Inflation (RPI)	3.45	3.50	3.40
Inflation (CPI)	2.55	2.60	2.50
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.	3.80	3.80	3.70
Allowance for commutation of pension for cash at retirement	Nil	Nil	Nil

The mortality assumptions adopted at 31 December 2016 imply the following life expectancies:

	2017 Years	2016 Years
Male retiring at age 65 in 2017	21.9	22.3
Female retiring at age 65 in 2017	23.7	24.7
Male retiring at age 65 in 2037	23.0	24.5
Female retiring at age 65 in 2037	25.0	27.0

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

	2017 £'000s	2016 £'000s	2015 £'000s	2014 £'000s	2013 £'000s
Fair value of plan assets	7,373	7,326	6,284	6,586	6,080
Present value of plan liabilities	7,177	7,269	6,205	6,892	5,986
Surplus/(deficit) in scheme	196	57	79	(306)	94
Unrecognised surplus				-	94
Defined Benefit asset / (liability) to be recognised	196	57	79	(306)	-

## 21. Pension schemes (continued)

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

	Year Ending 31 December 2017 £'000s	Year Ending 31 December 2016 £'000s
Scheme liabilities at start of period	7,269	6,205
Interest cost	184	232
Actuarial gains	75	1,324
Benefits paid, death in service insurance premiums	(351)	(162)
Liabilities Extinguished on Settlements	-	(330)
Plan liabilities at end of period	<u>7,177</u>	<u>7,269</u>

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

	Year Ending 31 December 2017 £'000s	Year Ending 31 December 2016 £'000s
Fair value of scheme assets at start of period	7,326	6,284
Expected return on scheme assets	189	234
Actuarial (losses) / gains	(31)	1,060
Contributions by employer	240	273
Benefits paid, death in service insurance premiums	(351)	(162)
Assets distributed on settlements	-	(363)
Fair value of scheme assets at end of year	<u>7,373</u>	<u>7,326</u>

The actual return on the scheme assets over the period ending 31 December 2017 was (£1,294,000).

Total expense recognised in the statement of financial activities:

	Year Ending 31 December 2017 £'000s	Year Ending 31 December 2016 £'000s
Net Interest cost	-	-
Losses (gains) on settlements	-	33
<b>Total expense recognised in the statement of financial activities</b>	<u>-</u>	<u>33</u>

Other Comprehensive Income:

	Year Ending 31 December 2017 £'000s	Year Ending 31 December 2016 £'000s
Return on plan assets (excluding amounts included in net interest cost) – (loss) / gain	(31)	1,060
Experience gains and losses arising on the plan liabilities: Amount of (loss) / gain	(250)	80
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities: Amount gain / (loss)	175	(1,404)
Effect of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain (loss)	5	2
<b>Total amount recognised in other comprehensive income within the statement of financial activities – (loss)</b>	<u>(101)</u>	<u>(262)</u>

### 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 2017 (£196,000), and year-ending 31 December 2016 (£57,000).

These amounts are shown on the Balance Sheet, page A4, under the heading 'Pension scheme funding surplus'.

## 21. Pension schemes (continued)

### Assets:

	Year Ending 31 December 2017 £'000s	Year Ending 31 December 2016 £'000s	Year Ending 31 December 2015 £'000s
UK Equities	-	-	-
Overseas Equities	-	-	-
Corporate Bonds	1,943	1,840	1,791
Government Bonds	348	333	572
Index Linked Gilts	1,270	1,215	927
Property	-	-	-
Cash	600	587	14
Insurance Policy	3,212	3,351	2,980
<b>Total assets</b>	<b>7,373</b>	<b>7,326</b>	<b>6,284</b>

### Analysis of the sensitivity to the principal assumption of the value of the plan liabilities:

Assumption	Change in assumption	Approximate impact on scheme liabilities
Discount rate	Decrease by 0.1% p.a.	Increase by 2%
Rate of inflation	Increase by 0.1% p.a.	Increase by 2.0% (of inflation-linked liabilities)
Rate of mortality	1 year increase in life expectancy	Increase by 2%

### Amounts for the current and previous four years

	2017 £'000s	2016 £'000s	2015 £'000s	2014 £'000s	2013 £'000s
Fair value of plan assets	7,373	7,326	6,284	6,586	6,080
Defined benefit obligation	7,177	7,269	6,205	6,892	5,986
Surplus/(deficit) in plan	196	57	79	(306)	94

The best estimate of contributions to be paid by the Institution to the scheme for the period beginning after 31 December 2017 is £150,000.

## 22. 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.

	2017 £'000	2016 £'000
Sales	14.8	17.7
Management charges from the Institution of Structural Engineers	392.7	272.2
Charitable donations to the Institution of Structural Engineers	131.1	183.6
Intercompany balance (Debtor)	190.8	224.0

### 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.

	2017 £'000	2016 £'000
Management charges from the Institution of Structural Engineers	270.8	257.3
Charitable donations to the Institution of Structural Engineers	339.3	407.5
Intercompany balance (Debtor)	244.5	285.5

