



SUMMARY FINANCIAL REPORTS



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Registered Charity No. 212992 • Chief Executive: David Loosley • Founded 1889. Incorporated by Royal Charter 1933 • Licensed body of the Engineering Council (UK) and the Science Council

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Summary of financial reports for the year ended 30 September 2019

The consolidated statement of financial activities and the consolidated balance sheet shown are not full annual accounts but are extracted from the audited financial statements which were approved by the Board of Trustees on 11 February 2020 and signed by the Chairman of the Board, R H Vie and the Honorary Treasurer, M Murphy.

A full set of financial statements prepared in accordance with the Charities SORP and audited by Buzzacott LLP is available on www.imarest.org/governance and will be filed with the Charity Commission after the Annual General Meeting.

Financial review

The IMarEST Group financial position has strengthened with a positive net movement of funds of £236k in the year ending 30 September 2019.

Actuarial valuation of the IMarEST Retirement Benefit Scheme (RBS) has been carried out under FRS 102 using the assumption set out on page 54 of the full annual accounts; the figure has been included these accounts. At 30 September 2019 the defined benefit pension liability had increased from £1,708k in 2018 to £2,078k in 2019.

Net income (expenditure) before gains and losses was a deficit of £139k compared to a £246k deficit in 2018. When gains and losses on listed investments, gains on partial disposal of subsidiary undertakings and losses of the defined benefit pension scheme are taken into account, the net income was £811k positive compared to a £44k deficit in 2018.

The total income this year of £3,196k is £293k lower than last year (2018: £3,489k). This is mainly due to the partial disposal of MLA mid-year, although membership services income (member subscriptions and registration fees) decreased slightly from £1,855k to £1,815k and marine membership and partnership income decreased from £239k to £166k. Group investments performed well generating a total income £491k compared to £466k in 2018.

Charitable activities accounted for 100% of expenditure incurred (2018: 100%). The total expenditure of £3,335k is £399k lower than last year. Marketing and communications decreased by £92k to £265k (2018: £357k) and, as we continued to deliver efficiencies, the overhead support expenditure (ICT, HR, premises, and finance) of £1,210k was £38k lower than the previous year (2018: £1,248k).

Governance related expenditure decreased by £64k to £133k (2018: £197k), expenditure on awards was £42k, which was £3k lower than the previous year (2018: £45k), whilst membership services related expenditure increased by £45k to £617k (2018: £572k) as we restructured the team for growth in 2020. Learning activities expenditure, which covers expenditure on the provision of educational and training courses, was £362k (2018: £536k). This decrease of £174k was due to the sale of 60% of our shareholding in MLA, only a part-year of costs were consolidated into the group accounts.

Consolidated statement of financial activities Year to 30 September 2019

	Endowment funds £	Restricted funds £	Unrestricted funds £	2019 Total funds £	2018 Total funds £
Income from:					
Donations and legacies	-	20,000	1,573	21,573	2,260
Charitable activities	-	-	2,680,365	2,680,365	2,953,376
Investment income	147,661	12,293	331,597	491,551	466,025
Income from associates	-	-	2,740	2,740	67,000
Total	147,661	32,293	3,016,275	3,196,229	3,488,661
Expenditure on:					
Charitable activities	-	17,169	3,318,222	3,335,391	3,734,381
Total	-	17,169	3,318,222	3,335,391	3,734,381
Net income (expenditure) before gains and losses on investments					
	147,661	15,124	(301,947)	(139,162)	(245,720)
Transfers between funds	(147,661)	-	147,661	-	-
Gains on listed investments	195,501	7,687	320,819	524,007	201,939
Gains on partial disposal of subsidiary undertakings	-	-	425,981	425,981	-
Net income (expenditure)	195,501	22,811	592,514	810,826	(43,781)
Other recognised gains (losses)					
Actuarial (losses) gains on defined benefit pension scheme	-	-	(573,000)	(573,000)	678,000
Foreign exchange gains (losses)	-	-	(1,910)	(1,910)	69
Net movement in funds	195,501	22,811	17,604	235,916	634,288
Reconciliation of funds					
Total funds brought forward at 1 October 2018	4,342,733	354,326	7,627,914	12,324,973	11,690,685
Total funds carried forward at 30 September 2019	4,538,234	377,137	7,645,518	12,560,889	12,324,973

The value of IMarEST reserves before the pension scheme liability at year end was £14,638,889. This comprises permanent endowment funds of £4,538,234, other restricted funds £377,137, designated funds £274,750 and general funds £9,448,768.

The reserves policy is to maintain the Institute, Memorial and Awards & Scholarship funds at the required level to provide income to support the delivery of charitable purposes and to pay into the RBS recovery plan without eroding capital value. Once financial sustainability is achieved, the target value of the reserves will be in the range £12-13m.

Statement of trustees' responsibilities

The trustees are responsible for preparing the trustees' report and accounts in accordance with applicable law and United Kingdom Accounting Standards (GAAP). In preparing these accounts the trustees have selected suitable accounting policies and applied them consistently and observed the methods and principles in accounting and reporting by charities Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland (FRS102).

The full statement of trustees' responsibilities is on page 22 of the full version of the annual report and accounts.

Independent auditor's report

The Institute's full financial statements for the year ended 30 September 2019, which includes the group statement of financial activities, group balance sheet and statement of cash flow, have been audited by Buzzacott LLP who are eligible to act as auditor in terms of section 1212 of the companies Act 2006.

In their opinion, the group accounts give a true and a fair view of the state of the group's and the parent charity's affairs as at 30 September 2019 and the group's incoming resources and application of resources have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (GAAP) and in accordance with the requirements of the charities Act 2011.

A full independent auditor's report is on pages 23 - 26 of the full version of the annual report and accounts.

Balance sheets 30 September 2019

	Group 2019	Group 2018	Charity 2019	Charity 2018 (restated)
	£	£	£	£
Fixed assets				
Intangible fixed assets:				
Goodwill	91,800	192,000	-	-
Negative goodwill	(402,727)	-	-	-
Other intangibles	-	-	-	-
		406,583		
Tangible fixed assets	270,927	342,770	266,246	335,309
Investments	13,363,070	13,266,511	13,226,330	13,212,511
	13,323,070	14,207,864	13,492,576	13,547,820
Current assets				
Stock	12,831	52,054	12,831	52,054
Debtors	447,457	310,968	423,967	240,434
Cash at bank and in hand	176,685	497,346	168,245	444,724
	636,973	860,368	605,043	737,212
Creditors: amounts falling due within one year	843,294	1,035,259	816,033	861,889
Net current (liabilities)	(206,321)	(174,891)	(210,990)	(124,677)
Debtors: due more than one year	1,522,140	-	1,630,940	1,393,561
Total net assets before pension scheme liability	14,638,889	14,032,973	14,912,526	14,816,704
Defined pension scheme liability	(2,078,000)	(1,708,000)	(2,078,000)	(1,708,000)
Total net assets	12,560,889	12,324,973	12,834,526	13,108,704
Funds of the Group				
Permanent endowment funds	4,538,234	4,342,733	4,538,234	4,342,733
Restricted funds	377,137	354,326	377,136	354,326
Unrestricted funds				
Designated funds	274,750	346,863	346,863	346,863
General funds	9,448,768	8,989,051	9,650,293	9,772,782
Pension reserve	(2,078,000)	(1,708,000)	(2,078,000)	(1,708,000)
Total funds	12,560,889	12,324,973	12,834,526	13,108,704