



PRIVATE AND CONFIDENTIAL

THE INSTITUTE OF MARINE ENGINEERING, SCIENCE AND TECHNOLOGY

Minutes of the One Hundred and Twenty Sixth Annual General Meeting
held at 1245 hours on Friday 13 March 2015
at Ironmongers' Hall, Shaftesbury Place, London EC2Y 8AA

The President, Mr Richard Vie, in the Chair
(52 members present)

INTRODUCTION AND NOTICE OF MEETING

The President, Mr Richard Vie, opened the meeting by welcoming those members present, especially the representatives from the branches and reported that the Notice of Meeting had been distributed prior to the meeting.

He reminded attendees that, as at last year's AGM, the formal business of the AGM would be completed first but this would then be followed by a more general discussion about the Institute's performance and future plans. He requested that any comments and questions raised during the discussion of the Annual Report and Financial Statements be limited to matters dealing specifically with their veracity and adoption with any other points deferred until the general discussion later in the meeting.

ANNUAL REPORT OF THE BOARD OF TRUSTEES AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

The President highlighted that the main business of the meeting was to receive the Annual Report of the Board of Trustees and the Financial Statements for the year ending 30 September 2014. The Secretary and Chief Executive, Mr David Loosley, delivered a presentation on the key highlights of the 2013-2014 year, specifically:

- Learned Society Statistics reflect the effect of the deliberate growth agenda
 - 390 PRIs conducted (maintaining IMarEST's 4th position in the Engineering Council league table of new registrants and an increase in Science Council registrants)
 - 87 new accreditations (which provide a good driver for membership growth)
 - 2,777 new members – the highest number of new members recruited in a year since the 1970s
- Strong technical portfolio including INEC, submissions to IMO, observer status at International Hydrographic Organization (IHO)
- Renewed focus on student engagement – early careers initiative, eISR
- Transformational shift in delivery of publications: uniting all marine disciplines in a single title while removing all the risk previously associated with advertising income
- Achieved the budget set at the start of the financial year
- Live online transmission of the Stanley Gray Lecture on the search for MH370
- Governance review under way and revised division structure implemented

He concluded by thanking the branch and SIG volunteers as well as the Executive for their hard work to deliver these results.

The Honorary Treasurer, Mr Frank Mungo, reported the key highlights of the Financial Statements for the year ending 30 September 2014, specifically:

- Income had been £106K lower than the previous year, due largely to a reduction in investment income of £192K and the outsourcing of publications at the end of Q3 which meant there was no advertising income in Q4.
- Outgoing resources, however, were also £277K lower than the previous year despite payments of £240K being made to the pension scheme under the agreed recovery plan
- The Balance Sheet at year end showed a reduction of £256K over the previous year but it was noted that investment values at 30 September 2014 were poor but had since rebounded
- The Institute's budget had been achieved and operating performance overall was £295K better than the previous year's.

On behalf of the Board, he congratulated the Chief Executive and HQ team on this very significant achievement and commended the financial statements to the meeting.

Mr Peter Lewis of BDO LLP read the Report of the Auditors contained within the Financial Statements.

Mr Martin Murphy proposed a motion that the Annual Report and Financial Statements for the year ended 30 September 2014 be approved and adopted. It was seconded by Mr Andrew Gilchrist.

In response to a question about the reduction of £202K for governance costs, the Commercial Director (Paul James) explained that this had been achieved by reducing costs associated with meetings (e.g. Council now meets in a split London-Singapore session for one of its sessions each year), by removing items that had previously been shown in governance costs but were not actually properly categorised as such and by restructuring to eliminate most of the divisions and thereby removing the associated costs.

The President then put the motion to the meeting and declared it carried unanimously.

REAPPOINTMENT OF THE AUDITORS

Mr William Paterson proposed that the auditors, BDO LLP, be appointed to hold office until the conclusion of the next Annual General Meeting and that the Board of Trustees be authorised to fix their remuneration. The motion was seconded by Mr William Harris and carried unopposed.

APPOINTMENTS BY THE COUNCIL

The President requested the meeting note the appointments by the Council of the President and President-Elect for the year 2015-2016 and Vice-Presidents of Council:

President:	Mr Martin Murphy
President-Elect:	Dr Jane Smallman
Vice Presidents:	Mr John Garvey Mr Adthisaya Ganesen Manickam Mr Peter Noble

COUNCIL ELECTIONS

The President reported that there had been no elections for Corporate Members of Council in any electoral division this year as all serving Council Members were in the middle of a term in office and there had been no resignations or deaths in the necessary timeframe.

The annual election for Honorary Treasurer had been held and Mr Francis Byrne (Frank) Mungo was elected unopposed in accordance with By-Law 49(3).

VOTE OF THANKS TO THE SCRUTINEERS AND ELECTION OF SCRUTINEERS FOR THE YEAR 2015/16

Mr John Mace proposed a vote of thanks to the Scrutineers for 2014-2015 for their willingness to serve and moved that Mr Jim Clench, Mr Gordon Evans, Mr John Harrison and Mr Cliff Woodhead

be elected to act as Scrutineers for 2015-2016. The motion was seconded Mr Tim Aston. The President put the motion to the meeting and declared it carried.

DISCUSSION OF THE INSTITUTE'S PERFORMANCE AND FUTURE PLANS

The Chairman of the Board of Trustees, Professor Chris Hodge, introduced the session, reminding attendees that last year he had spoken about the need to square the circle between financial sustainability and provision of services to members/learned society activity. He noted that the Institute was now two and a half years into its 5 Year Corporate Plan and that plan was working and the Institute was delivering. Modern IT infrastructure was in place, membership recruitment was successful, a revised media strategy had removed entirely the cyclical risk previously associated with publications and new revenue streams such as the Marine Learning Alliance were being actively pursued. In addition, services to members had been improved - the virtual library remained a key resource, the Nexus collaboration environment had been introduced, technical activity had increased and the Institute's technical voice was being heard more loudly and in more places than previously. This had also all been achieved against a backdrop of improved financial performance.

The Honorary Treasurer briefed attendees on the financial health of the Institute, the retirement benefit scheme including the expected outcome of the statutory triennial valuations and financial stability/projections for the future. He displayed graphs showing the value of the Institute's operating margin and assets over the past decade, noted that the shortfall in the pension scheme was expected to be reduced by about £400K from the previous statutory valuation, and highlighted milestones in financial sustainability. Financial sustainability (defined as operating loss being less than maximum prudent drawdown from investments) was now expected to be achieved in 2020 with operations being completely self-sustaining in 2024. Without the effect of the pension scheme deficit and recovery plan payments, initial sustainability would have been achieved three years earlier, in 2017. He noted that the target to improve the operating margin by £100K per annum remained at present but was likely to be reviewed in future, though not until budget had been achieved for at least two years in a row and the investment in MLA had begun to generate returns.

The Chief Executive reminded members that the Institute was now about halfway through the 5 year corporate plan. In Phase 3, the Institute had successfully moved from vertical integration and the focus for Phase 4 would be to reduce the deficit to the point it could be balanced by investment income. He displayed a waterfall diagram showing the effect of steps already taken (eg the outsourcing of publications) and options for further improvement with their expected effect on the operating margin.

He reported that much positive operational activity had occurred during 2013-2014 and in the first half of 2014-2015 which placed the Institute in a strong position going forward. Member benefits had been increased with the improved digital proposition and the introduction of the Nexus collaboration environment. The Institute's technical voice had been enhanced by a number of means including obtaining observer status at IHO, reappointing Heads of Delegation to represent the Institute IGOs, increasing the Institute's submissions to IMO and expanding the topics covered by Special Interest Groups (SIGs). Global collaboration had been strengthened and positive growth in Asia Pacific had been supported by an increase of learned society activity in the region. A new venture, Marine Learning Alliance, had been successfully launched, supported by the acquisition of the Hydrographic Academy from Plymouth University; the first items of its expanded portfolio, BSc and Masters programmes in Marine Management, were about to be launched. Implementation of the early careers strategy had begun with complimentary membership being offered to students as the key was supporting and retaining students as they transitioned from study / apprenticeships to early career professionals. The planned Governance Review had started in earnest with a view to resolving some of the peculiarities of the existing By-Laws and Rules. He reminded members that ultimately the key to the Institute's success would be the effective implementation of the strategy rather than having the 'best' strategy possible.

Expected highlights of 2014-2015 would be the development and implementation of a long-term accommodation strategy, the 5-Year review of licences by the Engineering Council and Science Council, the introduction of the new membership publication, further improvement to communications with members and volunteers, the furtherance of a regional office strategy (possibly during this year and probably in partnership), and the development of additional revenue streams.

The Chief Executive displayed a snapshot of the consolidated balance sheet as at 28 February 2015 showing that 2014-2015 remained on target and was running ahead of budget one month short of the half-year mark.

The presentations were followed by a Q&A/Discussion session during which the level of savings achieved through the outsourcing of publications was raised and the Chief Executive and Commercial Director explained the business model had been fundamentally changed but some overheads such as office space, still remained so it would be inappropriate to expect to see all the costs previously associated with publications removed entirely from the Institute's cost base. The anticipated savings had been factored into the budget for the current financial year which was expected to deliver a negative operating margin of £998K. The biggest change, however, had been the reduction of risk and uncertainty rather than a direct cost saving.

In response to a further question regarding the success of the experiential learning route in mitigating the previous concerns over the introduction of the requirement for Masters-level for CEng registration, the Director of Professional Development and HR confirmed that 60% of new registrants now qualified via the individual route process.

VOTE OF THANKS TO THE PRESIDENT

Mr Martin Murphy thanked Mr Richard Vie on behalf of all members for his service to the Institute and noted especially his vast experience with the merchant navy sector and his tireless interaction with branches in Asia Pacific as well as closer to home. A formal vote of thanks was recorded for Mr Vie.

In response, Mr Vie thanked Mr Murphy for his kind words and responded that it had been an honour and a privilege for him to serve the Institute as President. He thanked Council Members, Committee Members and branch officials for their hard work noting that the contribution of volunteers was at the heart of any learned society. He also expressed his thanks to the Chief Executive and the whole HQ team, especially the Institute Assistant Secretary, for their support during his term of office.

CONCLUSION OF BUSINESS AND CLOSE OF THE 126th ANNUAL GENERAL MEETING

With the business of the meeting concluded, the President declared the 126th Annual General Meeting of the Institute closed at 13:55 hours. He thanked all the members present for their attendance and contributions.

CHAIRMAN.....

DATE.....