

Institution of Chemical Engineers

Council's report and consolidated
financial statements

Registered Charity number 214379

For the year ended 31 December 2012

Contents

Council's Report	1
Independent Auditor's Report To The Trustees of The Institution of Chemical Engineers	13
Consolidated statement of financial activities	15
Balance sheets	16
Consolidated cash flow statement	17
Notes	18

Council's Report

Council is pleased to present its annual report together with the financial statements of the Institution for the year ending 31 December 2012.

Reference and Administrative Details

The Institution of Chemical Engineers (IChemE) is a registered Charity in England and Wales, charity number 214379, and a charity registered in Scotland (SC 039661).

Principal Office

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

Auditors

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

Main Bankers

NatWest Bank Plc, Silbury House, 300 Silbury Boulevard, Milton Keynes, MK9 2ZF
CAF Bank Limited, Kings Hill, West Malling, Kent, ME19 4TA

Solicitors

Hill Hofstetter, Trigen House, Central Boulevard, Blythe Valley Park, Solihull, B90 8AB
Bristows, 100 Victoria Embankment, London, EC4Y 0DH

Investment Managers

Jupiter Asset Management Limited, 1 Grosvenor Place, London, SW1X 7JJ
Ruffer LLP, 80 Victoria Street, London, SW1E 5JL

Trustees

The Trustees serving through the year were as follows:

Council Members

1 January 2012 – 23 May 2012

Elected members

Sir W Wakeham
Mr RM Scott
Mr KE Batchelor
Ms JE Hackitt
Prof M Poliakoff
Mr M Harrison
Mr PJ Hunt
Mr WJ Harper

Co-opted members

Mr E Daniels
Prof DC Shallcross
Dr NC Williams
Mr J Samad
Prof LN Brewis
Prof JB Chaudhuri

Council Members

From 23 May 2012

Elected members

Mr RM Scott
Sir W Wakeham
Mr KE Batchelor
Ms JE Hackitt
Prof M Poliakoff
Mr M Harrison (to 31/12/12)
Mr PJ Hunt
Mr WJ Harper

Co-opted members

Mr E Daniels
Dr NC Williams
Prof JB Chaudhuri
Dr JP Sherlock
Mr RP McCann
Dr MJ Kennedy
Prof C Webb
Mr MA Wahab (to 31/12/12)
Prof MO Tade

Chief Executive

Dr DJ Brown

Senior Management Team

Mrs J Althorp: Executive Director Australia & Asia Pacific (to May 2012)
Mr N Atkinson: Director Qualifications & International Development
Mr J Blades: Director Regional Networks & Membership Support
Miss J Downham: Director Finance & Business
Mrs C Flavell-While: Director Publications
Mr A Furlong: Director Policy & Communication
Mr P Slane: Director Australasia (from June 2012)

Structure, Governance and Management

Governing Document

The Institution of Chemical Engineers was founded in 1922 and incorporated by Royal Charter in 1957. Amendments to the Royal Charter were granted in 1971, 1996, 2001, 2004, 2009 and 2011.

The governing documents under which the Institution operates comprise the Royal Charter, as amended, the By-laws of the Institution and regulations made from time to time by the Institution's governing Council.

Appointment of Trustees

The members of Council are the Trustees of the Institution and are elected in accordance with the Royal Charter and By-Laws. Council is made up of the Honorary Officers – President, Deputy President, Immediate Past President and Honorary Treasurer (all of whom must be Fellows of the Institution), four elected members (of whom at least three shall be Fellows or Chartered Members of the Institution, and up to at least nine co-opted members.

At least one ordinary member is usually elected annually by the Voting members, with the President usually having been Deputy President in the previous year. Ordinary members serve for a period not exceeding four years. Council has the power to co-opt at least an additional nine members, who may hold office for not more than three consecutive years.

When notifying members of the annual general meeting, Council will propose at least one person to fill each of the vacancies. Voting members are invited to propose alternative nominations in accordance with the By-laws 67 to 68. In the event that more than one candidate is nominated for a vacancy, a direct election is conducted and the results are announced at the annual general meeting.

Trustee induction and training

All new members of Council receive an induction pack including the By-laws of the Institution, recent Council minutes, and the relevant Charity Commission publications outlining their roles and responsibilities as a Charity Trustee. Trustees are also encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Institution structure

Council is the governing body of the Institution and meets six times a year to review the business of the Institution. The Institution's AGM takes place annually in May.

The Chief Executive is appointed by Council and has delegated authority for the day to day operation of the Institution. In addition there are a number of Boards and Committees, operating under delegated authority from Council, which have been established to facilitate the operation of key areas of business:

- The Board of IChemE in Australia has operational and financial responsibility for the activities of the Australian Branch. The Board, which has 11 members, meets at least quarterly.
- The Board of IChemE in Malaysia has operational and financial responsibility for the activities of the Malaysian Branch. The Board, which has 12 members, meets at least quarterly.
- The Board of SCENZ – IChemE in New Zealand has operational and financial responsibility for the activities of the New Zealand Branch. The Board, which has 12 members, meets at least quarterly.

- The Professional Formation Forum (formerly the Membership Committee) has responsibility for applying the By-laws and Regulations of the Institution governing the admission to membership and for advising members concerning their professional development.
- The Education and Accreditation Forum (formerly Accreditation Committee) has responsibility for establishing and monitoring standards for chemical engineering that must be satisfied by academic institutions or individuals wishing to receive IChemE accreditation.
- The Awards Committee meets annually to make recommendations to Council for the recipients of the Institution's principal awards, Honorary Fellowships, Special Interest Group and Publications medals.
- The Contracts Committee is responsible for drafting and preparing for publication the Forms of Contract published by IChemE.
- The Disputes Resolution Committee is set up to advise IChemE on matters of contractual dispute resolution in relation to its Forms of Contract.
- The Staff Assessment and Remuneration Committee meets annually to review and approve the proposed salary recommendations for staff members and to agree the salary of the Chief Executive.
- The Internal Audit and Risk Committee meets at least twice a year to review the risk management and internal control processes of the Institution, and to meet with the external auditors following the annual audit.
- The Finance and Investment Committee meets at least three times a year to review and make recommendations to Council on IChemE's financial and investment affairs. The first committee meeting was held in January 2012.
- The Institution has an extensive network of National / Regional Groups and specialist Special Interest Groups. Each group has its own committee, made up of members of the Institution, who meet regularly throughout the year. The activities conducted by the Groups include technical meetings, continuing professional development, schools liaison visits, and networking events.

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

Volunteers

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

Governance and risk management

Council and its Internal Audit and Risk Committee have implemented a formal risk management process which was set up to assess the major risks to which the charity is exposed and to employ appropriate risk management strategies.

A formal risk register is updated at least annually, or when new risks are identified, and is reviewed at regular intervals throughout the year by Council. The risk register involves identifying the types of risk the Institution faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating those risks where appropriate or minimising the impact on the Institution should those risks materialise.

The Senior Management team attend an annual workshop, in addition to their regular scheduled meetings, to review the strategic framework of the Institution and to agree priorities for the forward business plans. These form the basis of the update of the three year rolling business plan leading to the detailed annual budget. The business plan and annual budget are reviewed and approved by Council at their final meeting of the year.

Regular reviews of actual performance against budget, taking corrective action and updating forecasts as required, manage operational risks on an ongoing basis. Council receive updates of performance at each meeting and quarterly management accounts highlighting variances to budget.

The Internal Audit and Risk Committee held three meetings during the year.

In January 2012 the Committee met by teleconference call to consider and review the external audit plan set out by BDO LLP, making recommendations to the auditors on any areas of concern or risk that should be included in their audit.

Following the external audit in February, the Committee met with the external audit partner in March to discuss the audit findings and to review the annual statutory financial accounts and trustees report for the year-ended 31 December 2012. At this meeting the Committee were given the opportunity to meet with the audit partner without the executive team present. The auditors also highlighted recent accounting and reporting developments relevant to the Institution for further consideration by the Committee.

At their October meeting the Committee reviewed the Institution's risk register in detail, and discussed the results of the recent Defined Benefit Pension Scheme triennial valuation. In addition, the Committee reviewed progress against the audit of the Council Sub-Committees and considered the controls in place relating to the international branch expenditure.

The minutes of the Committee meetings and an annual report of activities are presented to Council with any areas of high risk or cause for concern being brought to their attention. Any recommendations for immediate improvement to processes or procedures were actioned.

Objectives and activities

The object of the Institution as set out in the Royal Charter is to promote, foster and develop the general advancement of the science of chemical engineering in all its branches as an end in itself and as a means of furthering the scientific and economic development and application of processes in which chemical and physical changes of materials are involved and to promote, assist, finance and support such research, investigation and experimental work in chemical engineering as the Institution may consider likely to conduce to those ends and to the benefit of the community at large. The powers vested in the Institution to achieve these objects are:

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

Our three-year rolling Business Plan identifies four key strategic goals and activities to achieve the objects:

- Build and sustain an active international professional community, united by a commitment to qualifications and standards that foster excellence and the delivery of benefits to society.
- Engage with others to promote the development, understanding and use of chemical engineering and the appreciation of its importance.
- Provide support and services to individuals, employers and others who further the practice and application of chemical engineering.
- Enable chemical engineers to interact and communicate with each other and with other disciplines.

To support these goals IChemE will continue to operate an effective, efficient and responsive organisation, providing leadership and exemplifying good practice.

The Business Plan sets out how we will pursue these goals, and the indicators by which we will know we are succeeding.

Public Benefit

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

The Institution delivers value, directly and indirectly, to society at large, embracing a wide range of stakeholders. It seeks to represent and promote to the contribution that chemical engineering professionals can make to industry and society, as well as the advancement of the science of chemical engineering in its own right.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives.

Achievements and performance

Membership and Accreditation

IChemE closed 2012 with a record membership of 36,340 and annual growth of 5.5%.

The number of UK based members increased by 2% to 20,714, representing 57% of IChemE's total membership. Malaysia is home to the second largest section of members with 4,523, closely followed by Australia with 3,751.

IChemE announced its intention to launch a new process safety registration, to be recognised at the same professional level as Chartered Engineer or Professional Engineer. Applicants need not be a chemical engineer but will be required to hold a position of responsibility in process safety.

New in-company training scheme accreditations for 2012 were awarded to WSP CEL, Nuvia, Cristal/Millennium Inorganic Chemicals, VWS Westgarth, GL Industrial Services and Babcock International Group Nuclear.

The Institution's Corporate Partner scheme – designed to recognise those employers that are best supporting both IChemE and the profession – continued to gather pace. KBR and ADMA-OPCO were both awarded gold partner status, Larsen & Toubro achieved silver status, and Ingen Ideas was awarded bronze status.

By applying robust standards for accreditation and professional recognition, IChemE benefits the public by promoting safe, ethical and competent engineering practice and enabling society to have confidence in practitioners. The standards applied are uniform across the world, contributing to an overall raising of standards and advancement of good practice.

Events and Training Products

Southport, UK played host to the Institution's longstanding process safety conference, Hazards in November. 380 delegates attended *Hazards XXIII* where IChemE paid tribute to retiring safety expert, Trevor Kletz.

In April, IChemE staged its first Nuclear Fuel Cycle in Manchester, UK. Led by the Institution's Nuclear Technology Special Interest Group, the technical programme featured contributions from industry and academia across a wide range of disciplines involved with the nuclear fuel cycle.

Italy hosted the Institution's 11th European Gasification Conference. Delegates in Cagliari spent two days considering the adoption of gasification technology as a conversion route to power, fuels and chemicals from a wide range of primary energy sources.

More than 500 guests attended the 2012 IChemE Awards Dinner in Manchester, UK where a joint entry from GlaxoSmithKline, GEA, Siemens, Sagentia and the Universities of Newcastle, Warwick and Surrey won the Outstanding Achievement in Chemical Engineering Award. The Institution also staged its first Singapore Awards Dinner and North America Awards programme.

Scottish First Minister Alex Salmond was guest speaker at IChemE's Aberdeen Dinner in April. Salmond discussed the importance of science and engineering to Scotland in front of a 300-strong audience.

IChemE's training business continued to expand in 2012, with in-company training increasing and a number of new open courses also introduced. New courses included *Gas Explosion Hazards on Offshore and Onshore Facilities* and *Better by Design – Sustainable Business and Chemical Engineering*.

Many IChemE events and courses are open to all, and provide a mechanism by which education can be advanced and improved practice encouraged, for the benefit of society at large.

Policy & Influence

IChemE published its revised technical strategy, *Chemical Engineering Matters* in 2012. The document addresses the challenges faced across four areas of society and the world today; energy, water, food and nutrition and health and wellbeing. The report identifies ten priorities for IChemE and highlights possible solutions to some of the world's biggest challenges. The review was overseen by IChemE's Technical Vice President, Ed Daniels, Executive Vice President of Shell Global Solutions Downstream.

The Institution's *whynotchemeng* campaign continues to support the record number of students currently studying chemical engineering at UK universities. 2012 saw a 12% increase in applications and a 4% increase in admissions. There are currently a record number of students studying chemical engineering at UK universities.

IChemE continues to co-fund the Ashok Kumar Fellowship, a three-month research post at the UK Parliamentary Office of Science and Technology working on a chemical engineering related project. The second recipient of the fellowship was James Lawrence, a PhD student from University College London, whose project was based on *Maximising the Value of Recycled Materials*

IChemE's policy work and public engagement are designed to improve appreciation and uptake in the value of engineering in society, to enhance knowledge of the relevant subject areas across a variety of interest groups, and to make the benefits of engineering science and its applications widely known.

Networks

IChemE Special Interest, State and Member Groups staged a busy programme of technical seminars, membership workshops and social events last year alongside more than 40 webinars. The webinars were all free to attend and attracted over 3000 delegates from more than 70 countries. From the start of the year, all IChemE members were eligible to join their preferred Special Interest Group at no additional cost, helping the groups grow and better represent the Institution's international membership base.

Both physical events and webinars facilitate sharing of knowledge, experience and good practice, so enabling individual engineers to improve their skill and competence and hence their ability to benefit their customers, employers, and wider society.

IChemE continues to engage with a wider range of science and engineering professionals via external social networking platforms. IChemE has an official Twitter, Facebook, YouTube and LinkedIn presence.

Publishing and Information Services

IChemE research journals continue to grow in status amongst the academic community. Data published by Thomson Reuters revealed that Chemical Engineering Research and Design (*ChERD*) and Food and Bioproducts Processing (*FBP*) both recorded improved Impact Factors last year. Income derived from IChemE's quartet of research journals reached £350,000 in 2012.

Advertising income via *The Chemical Engineer (tce)* magazine totalled £605,000. *tce* provides an invaluable mechanism for bringing to the attention of very many interested parties across industry and beyond the latest developments in the subject and information on the practical applications of engineering to communities and individuals.

A growing number of members opted to make better use of IChemE's Knovel subscription. Year-on-year usage figures were up by 23% as more members chose to access the resource containing over 300 books and technical references.

IChemE also continues to make *Chemical Engineering in Australia* and *UK Science in Parliament* both freely available online to IChemE members.

Technical Centres

IChemE continued to support expert technical centres, providing a secretariat role for the International Process Safety Group (IPSG) and hosting the European Process Safety Centre (EPSC).

IChemE also continues to work closely with the Chemistry Innovation Knowledge Transfer Network and the European Federation of Chemical Engineering (EFCE).

Financial Review

The financial statements for the year ended 31 December 2012 are set out on pages 15 to 33.

Total income for the year was £7,305,000 (2011: £7,401,000). The principal sources of income for the year were; the sale of advertising space through the trading subsidiary £670,000; membership subscriptions and accreditation fees £2,860,000; sales of journals and publications £664,000; delegate income from courses and conferences £2,229,000; donations for the whynotchemeng campaign £64,000; and £249,000 subscription income for the Technical Centres which are held as restricted funds. The restricted fund also includes a further £258,000 in donations, which are the additional funds received in 2012 for the Andrew legacy fund.

The Institution's wholly owned trading subsidiary, IChemE Ltd, achieved an operating profit of £373,000 (2011: £544,000), which has been gift aided to the Institution. The income from the trading subsidiary is mainly derived from the sale of advertising space in the monthly magazine of the Institution. The results of the trading subsidiary are set out on page 20 of the financial statements.

Incoming resources amounting to £6,575,000 (2011: £5,999,000) have been deployed on charitable activities.

The Consolidated Statement of Financial Activities shows net unrestricted incoming resources of £228,000 (2011: £213,000). After taking into account the unrealised gain in investment assets of £175,000, and actuarial losses of £891,000 on the defined benefit pension scheme for its staff, the net movement in funds was a deficit of £488,000 (2011: £1,029,000).

The unrestricted fund carried forward at the year-end was £4,134,000 (2011: £4,622,000).

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

In the opinion of the Council, sufficient resources are held in an appropriate form for each fund to be applied in accordance with any restrictions imposed.

Investment policy and powers

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

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

IChemE continues to use the services of an independent financial advisor to review and monitor the investment portfolio. The performance of the funds was formally reviewed by the Finance & Investment Committee throughout the year and the Committee also met with the investment fund managers for an annual update at their July meeting.

During the year a total of £1,240,000 was transferred to Jupiter Asset Management and Ruffer LLP, split equally, to be held in separate funds on behalf of the Andrew legacy fund. Council agreed that the same investment policy and objectives should be applied to these funds.

The market value of the combined investment funds at 31 December 2012 was £5,902,000 (2011: £4,343,000), of which £4,615,000 (2011: £4,343,000) relates to IChemE's main fund and £1,287,000 (2011: £nil) relates to the Andrew legacy fund.

All income received during the year has been re-invested and there are no income requirements envisaged in the foreseeable future. The Institution's investments are recorded at market value. The gains and losses on revaluation have been transferred to unrestricted funds.

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

Reserves policy

The reserves policy is to hold approximately one year's expenditure as investments to ensure sufficient protection for the Institution from risk of insolvency or serious disruption to its work. Council believe this level of reserves to be appropriate based on their assessment of the nature and risk of the future revenue streams. The reserves should be maintained at their current level in real terms. This reserves policy is reviewed annually as part of the risk management process.

The level of unrestricted reserves freely available at the year end was £5,009,000 (2011: £4,788,000), representing 76% of total resources expended for 2012, excluding technical centres.

This level of free reserves is stated before taking account of the pension-funding deficit of £2,377,000 (2011: £1,646,000) calculated under FRS 17. Whilst Council believe the pension-funding deficit has no material impact on cashflow in the short term, Council consider it prudent not to allow the level of free reserves to be eroded by any major investments unless these are underpinned by a clear and robust plan to restore the level of free reserves on a three year horizon.

Council has considered a forecast for income and expenditure in future years and the Institution's level of commitments, and believes that the reserves held at 31 December 2012 are sufficient to protect it from risk of insolvency or serious disruption to its work.

Plans for future periods

Aims identified in the 3 year rolling business plan are:

Build and sustain an active international professional community, united by a commitment to qualifications and standards that foster excellence, relevance and esteem and delivery of benefits to society

- Continue to promote professionalism and recognition of competence.
- Introduce a new qualification system to recognise competence in process safety, together with the necessary mechanisms to administer and promote it.
- Enhance the flow of future talent into and through the profession.
- Improve the quality and timeliness of support for membership and accreditation.
- Expand IChemE's accreditation work and make a stronger case for accreditation whether for university courses, company training or third party offerings.
- Further expand IChemE's global membership and activity selectively, while ensuring services in mature markets such as the UK and Australia are maintained.

Engage with others to promote development, understanding and use of chemical engineering and the appreciation of its importance

- Build on the launch in 2012 of the revised Roadmap to develop and promote, with the support and involvement of members of Council and other senior Fellows, clear and compelling policy positions.
- Collaborate constructively with the chemical engineering community internationally and with the wider engineering community in key markets.
- Enhance the profile and visibility of IChemE and the profession, and out engagement in relevant policy issues, in key non-UK markets, especially Australia, and at European level.
- Broaden and strengthen engagement with employers of chemical engineers, including the creation of an Industry Panel drawn principally from Corporate partners and leading employers.
- Recognise, through appropriate events and communications, the work of volunteers in various aspects of IChemE's work.
- Through occasional events, increase interaction and communication with the wider business, academic and policy community on topical issues.

Provide support and services to individuals, employers and others at all career stages who contribute to the practice and application of chemical engineering

- Continue to improve services to members, employers and customers.
- Implement the IChemE Safety Centre, initially focusing on Australia.
- Introduce the IChemE Training Academy to encompass a wider range of training and professional development, with a greater emphasis on securing IPR to training offerings.
- Double (over five years) the volume of our training and events business, in part by making better use of synergies with IChemE journals and *tce* to create successful events and courses, and by bringing events and courses under common management.
- Appoint member volunteer representatives at important companies and sites, and in regional localities where we have no established branch or office premise.

Enable chemical engineers to interact and communicate with each other and with other disciplines

- Maintain *tce* as our flagship publication, respecting editorial independence, and to exploit the brand more fully.
- Continue to increase the impact factors of IChemE journals, and to investigate scope for one or more additional journals.
- Capitalise on the revamped Loss Prevention Bulletin as the 'magazine' of the IChemE Safety Centre.
- Develop and implement a digital media strategy.
- Maintain a strong level of support for member groups, and conduct a review of Special Interest Groups (SIGs) with a view to increasing active participation, the number and impact of SIG events, and the international range of their membership and activities.
- Build further on the Hazards brand.

Approved by the Council on 15 April 2013 and signed on its behalf by:



Mr RM Scott
President



Mr KE Batchelor
Hon Treasurer

Davis Building
165-189 Railway Terrace
Rugby
CV21 3HQ

Statement of Council's responsibilities

Under the charter and by-laws of the Institution and charity law, the Council is required to prepare financial statements for each financial year which properly present the state of affairs of the Institution and of the excess of expenditure over income. In preparing those financial statements, generally accepted accounting practice entails that the Council:

- selects suitable accounting policies and then applies them consistently;
- makes judgements and estimates that are reasonable and prudent;
- states whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- states whether the financial statements comply with the trust deed and rules, subject to any material departures disclosed and explained in the financial statements; and
- prepares the financial statements on a going concern basis unless it is inappropriate to presume that the Institution will continue its activities.

All of the Council members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the charity's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The trustees are not aware of any relevant audit information of which the auditors are unaware.

The Council is required to act in accordance with the charter and by-laws of the Institution, within the framework of trust law. It is responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the Institution at that time, and enable the Council to ensure that, where any statements of accounts are prepared in accordance with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, those statements of accounts comply with the requirements of regulations under that provision. It has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Institution and to prevent and detect fraud and other irregularities.

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

We have audited the financial statements of the Institution of Chemical Engineers for the year ended 31 December 2012 which comprise the Group Statement of Financial Activities, the Group and Parent Charity Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with the Charities Act 2011 and 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.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 144 of the Charities Act 2011 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2011 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 Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- proper and sufficient accounting records have not been kept; or
- the parent charitable company's financial statements are not in agreement with the accounting records or returns; or
- we have not received all the information and explanations we require for our audit.

RBO LLP

Don Bawtree (Statutory Auditor)

For and on behalf of BDO LLP

Birmingham

United Kingdom

Date: *16 May 2013*

BDO LLP is eligible to act as an auditor in terms of 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
for the year ended 31 December 2012

	<i>Note</i>	Unrestricted funds £000	Restricted funds £000	Total 2012 £000	Unrestricted funds £000	Restricted Funds £000	Total 2011 £000
INCOMING RESOURCES							
Incoming resources from generated funds:							
Donations & legacies		64	258	322	61	1,000	1,061
Activities for generating funds							
Trading income	2	670	-	670	687	-	687
Investment income	3	96	7	103	63	-	63
Incoming resources from charitable activities:							
Membership and Accreditation		2,860	-	2,860	2,720	-	2,720
Publishing and Information Services		664	-	664	618	-	618
Events and Training Products		2,229	-	2,229	1,794	-	1,794
Networks		133	-	133	182	-	182
Policy and Influence		75	-	75	29	-	29
Technical Centres	14	-	249	249	-	247	247
Total Incoming Resources		6,791	514	7,305	6,154	1,247	7,401
RESOURCES EXPENDED							
Costs of generating funds:							
Trading activities	2	(187)	-	(187)	(143)	-	(143)
Charitable activities:							
Membership and Accreditation		(2,118)	-	(2,118)	(1,924)	-	(1,924)
Publishing and Information Services		(1,348)	-	(1,348)	(1,352)	-	(1,352)
Events and Training Products		(1,781)	-	(1,781)	(1,488)	-	(1,488)
Networks		(344)	-	(344)	(441)	-	(441)
Policy and Influence		(754)	-	(754)	(540)	-	(540)
Technical Centres	14	-	(230)	(230)	-	(236)	(236)
ICHEM Foundation		-	-	-	(18)	-	(18)
Governance costs:	6	(31)	-	(31)	(35)	-	(35)
		(6,376)	(230)	(6,606)	(5,798)	(236)	(6,034)
Total Resources Expended	4	(6,563)	(230)	(6,793)	(5,941)	(236)	(6,177)
Net incoming resources before transfers		228	284	512	213	1,011	1,224
Net incoming resources	4	228	284	512	213	1,011	1,224
Net (losses)/ gains on investment assets	11	175	40	215	(268)	-	(268)
Pension scheme actuarial (losses)/gains	9	(891)	-	(891)	(974)	-	(974)
Net movement in funds		(488)	324	(164)	(1,029)	1,011	(18)
Fund balances brought forward at 1 January		4,622	1,478	6,100	5,651	467	6,118
Fund balances carried forward at 31 December		4,134	1,802	5,936	4,622	1,478	6,100

Restricted funds are income funds. The results relate to the continuing activities of the Institution.

The group has no recognised gains or losses other than the net movement in funds for the year.

The notes on pages 18 to 33 form part of these financial statements.

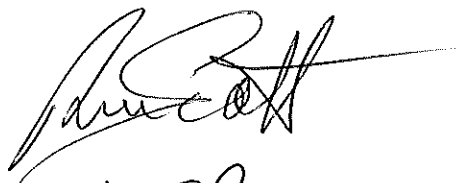
Balance sheets

at 31 December 2012


	Note	Group		Institution	
		2012	2011	2012	2011
		£000	£000	£000	£000
Fixed assets					
Tangible assets	10	1,502	1,480	1,502	1,480
Investments	11	5,902	4,343	5,902	4,343
		<u>7,404</u>	<u>5,823</u>	<u>7,404</u>	<u>5,823</u>
Current assets					
Debtors	12	1,444	2,135	1,540	2,222
Short term cash investment		750	500	750	500
Cash at bank and in hand		1,343	1,658	1,317	1,552
		<u>3,537</u>	<u>4,293</u>	<u>3,607</u>	<u>4,274</u>
Creditors: Amounts falling due within one year	13	<u>(2,628)</u>	<u>(2,370)</u>	<u>(2,604)</u>	<u>(2,317)</u>
Net current assets		<u>909</u>	<u>1,923</u>	<u>1,003</u>	<u>1,957</u>
Total Net Assets before pension deficit		<u>8,313</u>	<u>7,746</u>	<u>8,407</u>	<u>7,780</u>
Pension scheme funding deficit	9	<u>(2,377)</u>	<u>(1,646)</u>	<u>(2,377)</u>	<u>(1,646)</u>
Total Net Assets after pension deficit		<u>5,936</u>	<u>6,100</u>	<u>6,030</u>	<u>6,134</u>
Income funds					
Fixed asset reserves		1,502	1,480	1,502	1,480
Free reserves		5,009	4,788	5,103	4,822
Pension reserves	9	(2,377)	(1,646)	(2,377)	(1,646)
		<u>4,134</u>	<u>4,622</u>	<u>4,228</u>	<u>4,656</u>
Unrestricted funds		<u>4,134</u>	<u>4,622</u>	<u>4,228</u>	<u>4,656</u>
Restricted income funds	14	<u>1,802</u>	<u>1,478</u>	<u>1,802</u>	<u>1,478</u>
		<u>5,936</u>	<u>6,100</u>	<u>6,030</u>	<u>6,134</u>

These financial statements were approved by the Council and authorised for issue on 15 April 2013.

Mr RM Scott
President



Mr KE Batchelor
Hon Treasurer



Consolidated cash flow statement
for the year ended 31 December 2012

		2012	2011
	<i>Note</i>	£000	£000
Net cash inflow/(outflow) from operating activities	<i>18</i>	1,294	371
Returns on investments and servicing of finance	<i>19</i>	103	63
Capital expenditure and financial investment	<i>19</i>	(1,462)	(121)
		<hr/>	<hr/>
(Decrease)/increase in cash in the year		(65)	313
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation of net cash flow to movement in net cash resources			
(Decrease)/increase in cash in the year		(65)	313
Net cash resources at beginning of year		2,158	1,845
		<hr/>	<hr/>
Net cash resources at end of year		2,093	2,158
		<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with: the Statement of Recommended Practice (SORP), Accounting and Reporting by Charities (SORP 2005) published in March 2005 (2nd Edition); applicable accounting standards; and the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

The financial statements are prepared under historical cost convention, with the exception of investments which are held at market value and of freehold land and buildings which are held at revalued amounts retained under the transitional provisions set out in FRS 15 "Tangible Fixed Assets".

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

Basis of consolidation

The group financial statements consolidate the financial statements of the Institution of Chemical Engineers and its subsidiary undertakings, IChemE Ltd and IChemE (Shanghai) Chemical Technology Consulting Ltd, made up to 31 December 2012. The results of the subsidiaries are consolidated on a line by line basis. No separate statement of financial activities has been presented for the Institution of Chemical Engineers alone as permitted by paragraph 397 of SORP. The results of the subsidiaries are summarised in note 2 of the financial statements.

Incoming Resources

Income is recognised, net of value added tax, in the period in which the Institution is entitled to receipt and the amount can be measured with reasonable certainty.

Donations are included in incoming resources when these are received.

Legacies are included in incoming resources when the charity is legally entitled to the income and the amount can be quantified with reasonable certainty.

Subscription income is deferred and released to the consolidated statement of financial activities over the period to which the subscription relates.

Project funding is recognised in full in the consolidated statement of financial activities in the year in which it is receivable.

Investment income comprises the returns receivable on fixed asset investments for the year.

Resources Expended

Expenditure is included in the statement of financial activities on an accruals basis. All expenditure is recorded net of value added tax unless irrecoverable.

Costs of generating funds are those costs incurred in trading activities that raise funds.

Charitable activities include expenditure associated with achieving the objects of the Institution and include both direct and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Support costs include central functions and have been apportioned across the charitable activities on the basis of staff costs associated with each activity.

Notes (continued)

1 Accounting policies (continued)

Leased assets

Operating lease rentals are charged to the consolidated statement of financial activities in the year in which they are incurred.

Taxation

The charity is within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly the charity is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 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.

The subsidiary companies make qualifying donations of all taxable profit to the Institution. No corporation tax liability on the subsidiaries arises in the accounts.

Fixed assets

Fixed assets are recorded at cost or valuation less accumulated depreciation. Expenditure on fixed assets costing over £500 is capitalised.

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

Freehold buildings	-	2%
Leasehold buildings	-	11% - 20%
Office equipment	-	15%
Computer software	-	33%

Freehold land is not depreciated.

Freehold property at Rugby was valued by Messrs David Storer & Partners, Chartered Surveyors, on the basis of open market value for their existing use in 1999. Depreciation is charged on the building element of property at Rugby at the rate of 2% per annum.

Investments

Fixed asset investments are recorded at the market value quoted at the year end. All movements in value arising from investment changes or revaluation are recognised in the consolidated statement of financial activities. Realised gains or losses on investments are calculated as the difference between the disposal proceeds and the market value at 31 December (or historical cost if purchased within the year). Unrealised gains or losses are derived from the movement in market values during the year.

Fund accounting

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

- Restricted income funds

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

- Unrestricted funds

Unrestricted funds comprise funds which are expendable at the discretion of the Council in connection with the objects of the Institution, including transfers into restricted income funds.

Notes (continued)

1 Accounting policies (continued)

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the statement of financial activities in the year in which they become payable.

The difference between the fair value of the assets held in the group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the group's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds of the scheme.

Changes in the defined pension scheme asset or liability arising from factors other than cash contribution by the group are charged to the profit and loss account or the statement of total recognised gains and losses in accordance with FRS 17 'Retirement benefits'.

Foreign exchange gains and losses

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

2 Results of trading subsidiaries

IChemE Limited is incorporated in the UK, registered in England and Wales and its audited financial statements are filed with the Registrar of Companies. Its principal activity is the sale of advertising space in the Institution's journals and publications. The company gift aids its taxable profits to the Institution.

IChemE (Shanghai) Ltd is registered and incorporated in Shanghai, China. Its principal activity is to provide advisory services to academia, industry and individuals to better serve qualified chartered chemical engineers and the chemical engineering profession at large.

	IChemE Ltd	IChemE (Shanghai) Chemical Technology Consulting Ltd	Total	2011
	£000	£000	£000	£000
Turnover	670	3	673	693
Cost of sales	(175)	-	(175)	(138)
Gross profit	495	3	498	555
Administration costs	(122)	(63)	(185)	(44)
Net profit	373	(60)	313	511
Amount gift aided to the Institution	(373)	-	(373)	(544)
Retained in subsidiary	-	(60)	(60)	(33)

Notes (continued)

2 Results of trading subsidiaries (continued)

Balance sheet

	IChemE Ltd £000	IChemE (Shanghai) Chemical Technology Consulting Ltd £000	Total £000	2011 £000
Fixed assets	-	-	-	50
Current assets	131	17	148	278
Current liabilities	(131)	-	(131)	(312)
Net current assets	-	17	17	(34)
Total net assets	-	17	17	16

Creditors shown above for IChemE Ltd include £91,000 (2011: £259,000) due to the Institution.

3 Investment income

	2012 £000	2011 £000
Interest receivable	21	-
Dividends receivable	82	63
	<u>103</u>	<u>97</u>

4 Analysis of total resources expended

	Staff costs £000	Direct costs £000	Allocated Staff costs £000	Allocated Other costs £000	2012 Total £000	2011 Total £000
Costs of generating funds	-	187	-	-	187	143
Membership and Accreditation	986	557	223	352	2,118	1,924
Publishing and Information	392	538	162	256	1,348	1,352
Events and Training Products	306	1,240	91	144	1,781	1,488
Networks	106	140	38	60	344	441
Policy and Influence	345	134	107	168	754	540
Technical Centres	104	126	-	-	230	236
IChemE Foundation	-	-	-	-	-	18
Governance costs (note 6)	-	31	-	-	31	35
	<u>2,239</u>	<u>2,953</u>	<u>621</u>	<u>980</u>	<u>6,793</u>	<u>6,177</u>

Notes (continued)

4 Analysis of total resources expended (continued)

	2012 £000	2011 £000
<i>Net incoming resources is stated</i>		
<i>After charging / (crediting):</i>		
Depreciation	97	137
Operating lease rentals:		
Office equipment	15	16
Land and buildings	163	168
Other	2	1
Foreign exchange (gains) / losses	(27)	(12)
	-----	-----

5 Support costs

Included within the charitable expenditure are support costs amounting to £1,601,000 (2011: £1,602,000). These are analysed as:

	2012 £000	2011 £000
Staff costs	621	637
Finance	132	134
IT	287	272
Facilities	423	455
Management	138	104
	-----	-----
	1,601	1,602

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

	2012 £000	2011 £000
Membership and Accreditation	575	588
Publishing and Information Services	418	453
Events and Training Products	235	203
Networks	98	161
Policy and Influence	275	197
	-----	-----
	1,601	1,602

Other support costs include liability insurance for council members and officers of the Institution which has been purchased by the Institution for £7,000 (2011: £6,000).

Notes *(continued)*

6 Governance costs

	2012 £000	2011 £000
External Audit	19	23
Annual report	4	3
AGM costs	8	9
	31	35
	31	35

7 Remuneration and expenses paid to council members

	2012 £000	2011 £000
Reimbursements made to 9 (2011:11) Council members in respect of claimed travel costs	27	21
	27	21
	27	21

No council member received remuneration in respect of services to the Institution.

8 Staff numbers and costs

The average number of full time equivalent persons employed by the Institution during the year was as follows:

	Number of employees	
	2012	2011
Membership and Accreditation	20	22
Publishing and Information Services	10	10
Events and Training Services	8	6
Networks	6	7
Policy and Influence	6	4
Co-operative Projects	4	3
Management and Administration	19	19
	73	71
	73	71

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	2,419	2,117
Social security costs	210	196
Pension costs	195	180
	2,824	2,493
	2,824	2,493

Notes (continued)

8 Staff numbers and costs (continued)

The numbers of employees whose emoluments, excluding pension contributions, exceeded £60,000 fell within the following ranges:

	Number of employees	
	2012	2011
£60,001 - £70,000	1	3
£70,001 - £80,000	3	1
£80,001 - £90,000	1	1
£90,001 - £100,000	1	-
£100,001 - £110,000	-	1
£170,001 - £180,000	-	1
£190,001 - £200,000	1	-

All employees earning more than £60,000 participated in the pension scheme. Contributions in respect of these employees amounted to £60,000 (2011: £56,000).

9 Pension scheme

The Institution operates two pension schemes as follows:

Defined Benefit Scheme

The Institution operates a pension scheme providing benefits based on final pensionable salaries. The scheme is funded with the assets being held by the pension scheme's Trustees separately from the assets of the Institution.

In 2006, a decision was taken to close the Institution's defined benefit pension scheme to future service accruals and to limit salary revaluations with effect from 5 April 2006.

The latest triennial valuation was carried out as at 31 January 2012. As anticipated the valuation showed an increase in deficit and a revised recovery plan has been submitted to The Pensions Regulator. The recovery plan aims to eliminate the pension funding deficit by 2024 through an annual contribution level of £161,500, increasing annually in line with the Consumer Prices Index (CPI). Contribution levels have been determined by a qualified actuary on the basis of the triennial valuation using the projected unit method.

The latest actuarial valuation has been updated to 31 December 2012 by a qualified independent actuary on an FRS17 basis. There were no changes to the scheme during the year.

Principal actuarial assumptions used at the balance sheet date

	2012 %	2011 %
Discount rate	4.40	4.90
Inflation assumption (CPI)	2.50	2.30
Post '97 pension increases	2.40	2.20
Revaluation in deferment	2.50	2.30
Long term expected rate of return on the Scheme's assets net of expenses	6.00	6.00
Mortality assumption (see table below)	SAPS 'SINA' tables rated by 90% using CMI 2011 projections with a long term rate of improvement of 1.25%	SAPS 'SINA' tables with long cohort projections and minimum improvements of 1% pa
Tax-free cash	All members are assumed to take 25% of their pension as tax-free cash	All members are assumed to take 25% of their pension as tax-free cash

Notes *(continued)*

9 Pension scheme *(continued)*

Mortality tables adopted

Life expectancy at age 65	2012	2011
Male currently aged 45	25.0	24.7
Female currently aged 45	27.6	27.5
Male currently aged 65	23.2	22.7
Female currently aged 65	25.6	25.5

Composition of plan assets

	2012	2011
	%	%
Scheme Bank Account	0	0
BlackRock Dynamic Growth Fund	100	100
Total	100	100
	100	100

The actual return on the Scheme's assets (net of investment manager expenses) over the period to the Review Date was approximately 8.1%. The assets do not include any investment in shares of the Institution. The expected return on assets is based on the long term review of returns for the BlackRock Dynamic Diversified Growth Fund.

Amounts recognised in the balance sheet

	2012	2011
	£'000	£,000
Fair Value of Assets	7,419	6,895
Present Value of Funded Obligations	(9,796)	(8,541)
Surplus / (Deficit)*	(2,377)	(1,646)
	(2,377)	(1,646)

*Surplus / (Deficit) shown prior to deferred taxation.

Notes *(continued)*

9 Pension scheme *(continued)*

Reconciliation of fair value of plan assets

	2012 £'000	2011 £'000
Fair Value of Assets at beginning of period	6,895	7,079
Expected return on assets	413	458
Institution contributions	161	153
Benefits paid	(196)	(192)
Actuarial gain/(loss)	146	(603)
	7,419	6,895
	7,419	6,895

Reconciliation of defined benefit obligation

	2012 £'000	2011 £'000
Defined benefit obligation at the beginning of the period	8,541	7,924
Interest cost	414	438
Benefits paid	(196)	(192)
Actuarial (gain)/loss	1,037	371
	9,796	8,541
	9,796	8,541

Amounts recognised in statement of financial activities over the year

	2012 £'000	2011 £'000
Interest cost	414	438
Expected return on assets	(413)	(458)
	1	(20)
	1	(20)

Notes (continued)

9 Pension scheme (continued)

Amounts recognised in the Statement of Total Recognised Gains and Losses over the year

	2012 £'000	2011 £'000
Actuarial (Losses)/Gains	(891)	(974)
Total amount recognised in Statement of Total Recognised Gains and Losses	(891)	(974)

The cumulative amount of actuarial gains and losses recognised in the statement of financial activities is (£2,472,000) (2011: loss £1,581,000).

Summary of prior year amounts

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Present value of Defined Benefit Obligation	(9,796)	(8,541)	(7,924)	(7,953)	(5,581)
Scheme Assets	7,419	6,895	7,079	6,529	5,625
Surplus / (Deficit)	(2,377)	(1,646)	(845)	(1,424)	44
Experience gains and losses on Scheme liabilities	(70)	0	0	(410)	0
Changes in assumptions used to value	(967)	(371)	231	(1,793)	1,888
Experience adjustments on Scheme assets	146	(614)	215	574	(1,112)

The annual contribution level for the period 1 February 2013 to 31 January 2014 will be increased in line with the Consumer Prices Index (CPI) from £161,510 to £165,864.

Defined Contribution Scheme

The Institution's defined contribution pension scheme was established in April 2006 following the closure of the defined benefit scheme. Both the Institution and employees make contributions towards the scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge to the Institution, representing contributions payable to the fund amounted to £161,000 (£2011: £147,000).

Notes (continued)

10 Tangible fixed assets

Group and Institution

	Freehold Property £000	Short leasehold property £000	Office equipment £000	Computers £000	Total £000
Cost or valuation					
At beginning of year	1,800	220	308	750	3,078
Additions	-	-	46	73	119
Disposals	-	-	-	(50)	(50)
At end of year	1,800	220	354	773	3,147
Depreciation					
At beginning of year	365	204	296	733	1,598
Charge for the year	30	4	16	47	97
Disposals	-	-	-	(50)	(50)
At end of year	395	208	312	730	1,645
Net book value					
At 31 December 2012	1,405	12	42	43	1,502
At 31 December 2011	1,435	16	12	17	1,480

Group and Institution

Freehold property is carried at a revalued amount (1999 open market values) which has been retained under the transitional provisions set out in FRS 15 "Tangible Fixed Assets".

If stated under the historical cost principles the comparable amounts at 31 December 2012 would be:

	Freehold Property £000
Cost	1,680
Depreciation	(484)
Net book value	1,196

Freehold property at 31 December 2012 includes land at valuation of £280,000 (2011 £280,000) which is not depreciated.

Notes *(continued)*

11 Fixed asset investments

Group and Institution

	2012 £000	2011 £000
Market value at 1 January	4,343	4,523
Acquisitions at cost	3,163	3,559
Disposals at cost	(1,819)	(3,471)
Net gain/(loss) on revaluation	215	(268)
	5,902	4,343
	5,550	4,023

Investments are held to achieve long term capital growth with income.

An analysis of the market value of the investments at 31 December 2012 is as follows:

	2012 £000	2011 £000
Equities	3,285	1,243
Fixed Interest	1,768	1,106
Cash	749	1,865
Other	100	129

Investments in Subsidiaries

The principal undertakings in which the Institution's interest at year end is 20% or more is as follows:

Name	Country of registration	Share Capital
IChemE Ltd*	England & Wales, UK	100%
IChemE (Shanghai) Chemical Technology Consulting Ltd	Shanghai, China	100%

Companies marked with * are direct subsidiaries of the Institution

Associate Undertaking

The charity acquired 33% of the issued share capital of Chemistry Innovation Ltd in 2008. This is a company established to support innovation in chemistry through facilitating knowledge transfer, collaborative working and research and development projects between chemistry related industries and the science base.

The results and net assets of the associated undertaking are not material to the group and accordingly have not been accounted for using the equity method of accounting. For the year ended 31 December 2012 the draft accounts for the company show a profit of £1,388 (2011: £3,397) and net assets of £24,172 (2011: £22,684).

Notes (continued)

12 Debtors

	Group		Institution	
	2012 £000	2011 £000	2012 £000	2011 £000
Trade debtors	1,145	972	1,024	800
Gift aid owed by subsidiary undertaking	-	-	201	259
Other debtors	123	1,006	139	1,006
Prepayments and accrued income	176	157	176	157
	<u>1,444</u>	<u>2,135</u>	<u>1,540</u>	<u>2,222</u>

13 Creditors: amounts falling due within one year

	Group		Institution	
	2012 £000	2011 £000	2012 £000	2011 £000
Trade creditors	303	291	299	284
Other creditors	321	333	321	309
Accruals	458	286	438	264
Deferred income	1,546	1460	1,546	1,460
	<u>2,628</u>	<u>2,370</u>	<u>2,604</u>	<u>2,317</u>

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

14 Restricted income funds

	International Process Safety Group (IPSG)	European Process Safety Centre (EPSC)	John Collier Memorial Fund	Legacy Fund	Total
	£000	£000	£000	£000	£000
At 1 January 2012	77	364	37	1,000	1,478
Incoming resources	36	213	-	265	514
Resources expended	(27)	(203)	-	-	(230)
Transfer between funds	-	-	-	-	-
Net gain/(loss) on investment	-	-	-	40	40
	<u>86</u>	<u>374</u>	<u>37</u>	<u>1,305</u>	<u>1,802</u>

Notes (continued)

14 Restricted income funds (continued)

The John Collier Memorial Fund was established in 1996 following the death in 1995 of John Collier, serving President of the Institution. The fund commenced with a donation from industry and seeks to have a two yearly Lecture and Medal ceremony. The capital and the income generated are to be used to fund the award and lectures in perpetuity.

The IPSC and EPSC funds relate to international industry- funded technical centres within the Institution that have to be administered in accordance with each Group's Statute. These dictate that monies can only be utilised in furtherance of each centres specific objectives.

The Institution was notified of a bequest in December 2011 from the estate of the late Professor Andrew. The funds are to be used for the founding of a medal lecture on the theme of 'The Science of Formulation of Heterogeneous Catalysts' and the remainder to be devoted to the support of academic research in enhancing the science of formulation of heterogeneous catalysts. A prudent estimate of £1,000,000 was accrued for in the 2011 accounts and during 2012 an actual amount of £1,258,000 was received from the estate. The majority of the fund has been transferred into investment funds, which generated investment income of £7,000 and resulted in an unrealised gain on investment of £40,000 at 31 December 2012.

15 Analysis of net assets between funds

Fund balances at 31 December 2012 are represented by:

	Group and Institution		Total £000
	Unrestricted funds £000	Restricted funds £000	
Tangible fixed assets	1,502	-	1,502
Investments	4,615	1,287	5,902
Pension scheme funding deficit	(2,377)	-	(2,377)
Net current (liabilities)/assets	394	515	909
Total net assets	4,134	1,802	5,936

16 Overseas branches and young members group

	2012 £000	2011 £000
<i>Grants awarded</i>		
Branches and groups	9	9

Notes (continued)

17 Commitments

Leasing

Annual commitments under non-cancellable operating leases are as follows:

	Group and Institution			
	2012	Other	Land and buildings	2011
	Land and buildings £000	£000	£000	Other £000
Operating leases which expire:				
In less than one year	14	5	13	2
In the second to fifth years inclusive	50	11	35	13
In over five years	115	-	115	-
	179	16	163	15
	179	16	163	15

18 Reconciliation of incoming resources to net cash inflow/(outflow) from operating activities

	2012 £000	2011 £000
Net incoming resources for the year	512	1,224
Depreciation	97	137
Loss on disposal of tangible fixed asset	-	20
Income from investments	(103)	(63)
Pension scheme reserves	(160)	(173)
Decrease/(Increase) in debtors	691	(1,086)
Increase in creditors	257	312
	1,294	371
	1,294	371

19 Analysis of cash flows for headings in the cash flow statement

	2012 £000	2011 £000
Returns on investments and servicing of finance		
Interest receivable	21	-
Dividends receivable	82	63
	103	63
Capital expenditure and financial investments		
Purchase of fixed asset investments	(1,343)	(88)
Payments to acquire tangible fixed assets	(119)	(33)
	(1,462)	(121)
	(1,462)	(121)

Notes *(continued)*

20 Related party transactions

The Chief Executive of the Institution is appointed as a Non-Executive Director of Chemistry Innovation Ltd, a subsidiary company of the Royal Society of Chemistry. During 2008 the Institution acquired a 33% shareholding in Chemistry Innovation Ltd.

During the year the Chief Executive of the Institution also served as a Board Member of Engineering UK and the Science Council. The Institution collects and passes on registration fees for both of these bodies. Total registration fees collected during the year amounted to £343,000 (2011: £314,000). The balance outstanding at the year end, which is included in creditors accruals, is £20,000 (2011: £13,000).

21 Results of parent charity

The following have been included in the consolidated accounts for the parent charity: reserves of £6,030,000 (2011: £6,134,000), comprising unrestricted funds of £4,228,000 (2011: £4,656,000) and restricted funds of £1,802,000 (2011: £1,478,000). The result for the year is a deficit of £104,000 (2011: surplus of £15,000).