

Institution of Chemical Engineers

Annual Report and Consolidated
Financial Statements
for the year ended 31 December 2023

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Trustees' Report

The Board of Trustees is pleased to present its annual report together with the financial statements of the charity and its subsidiaries for the year ended 31 December 2023.

The financial statements comply with the *Charities Act 2011* and *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).

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 (SC039661).

Principal Office

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

Auditors

RSM UK Audit LLP, 10th Floor, 103 Colmore Row, Birmingham, B3 3AG

Main Bankers

NatWest Bank Plc, Silbury House, 300 Silbury Boulevard, Milton Keynes, MK9 2ZF

Solicitors

Mills & Reeve, 100 Hills Road, Cambridge, CB2 1PH

Investment Managers

Rathbone Investment Management Limited, 8 Finsbury Circus, London, EC2M 7AZ
Ruffer LLP, 80 Victoria Street, London, SW1E 5JL

Trustees

The Trustees serving through the year were as follows:

1 January 2023 – 13 June 2023

Prof IDL Bogle
Ms LJ Cutler
Mr JN Hirst
Dr DW Edwards
Dr RJ Best
Mrs A Hosey
Ms AL Meldrum
Mrs MD Isles-Ahite
Prof R Ocone
Mr DM Sutton
Mr RE Tucker
Mrs WJ Wilson

From 13 June 2023

Mr JN Hirst
Prof IDL Bogle
Mr ME Aspey
Dr DW Edwards
Dr RJ Best
Mrs A Hosey
Ms AL Meldrum
Mrs MD Isles-Ahite
Prof R Ocone
Mr DM Sutton
Mr RE Tucker
Ms A Vargas-Colwill

Chief Executive

Ms YD Baker (from 12 April 2023)

Senior Management Team

Ms J Downham: Chief Operating Officer (Interim Chief Executive to 12 April 2023)
Mrs R Baxter-Smith: Director, Qualifications (from 18 September 2023)
Mr D Lloyd-Roach: Director, Qualifications (to 18 September 2023)
Dr R Bibby: Director, Member Experience & Professional Learning (from 1 November 2023)
Mrs C Flavell-While: Director, Learned Society
Mr A Foster: Director, Regions
Ms P Kerin: Director, IChemE Safety Centre

Objectives and activities for the public benefit

The Institution of Chemical Engineers (IChemE) is an internationally recognised professional body committed to advancing the contribution of chemical engineering for the benefit of society.

We develop, maintain, and administer standards of professionalism, education, safety and best practice across all aspects of chemical and process engineering alongside attracting diverse talent into the discipline. We are committed to inspiring early-career professionals to develop their competence, so future-proofing the profession and ensuring that chemical engineers have the knowledge and skills to deliver economic benefit and wellbeing whilst keeping society safe from harm.

Applications for membership and professional registration are carefully assessed through a rigorous peer review process, thereby promoting high standards, competence, and professional development across our community.

We use the knowledge and expertise of our members to inform policy development and advance the practice of chemical engineering globally. We recognise and celebrate excellence in individuals and companies across the discipline.

The Objects of the Institution as set out in the Royal Charter are:

to promote, foster and develop the general advancement of the art and science of chemical engineering in all its branches as an end in itself and as a means of furthering, in a responsible manner, both the scientific and economic development and the application of sustainable processes in which chemical and physical changes of matter and energy 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 help bring about or contribute to those ends and to the benefit of the global community now and in the future.

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 strategy

Key strategic objectives for the period covered by this report were defined under the Institution’s Strategy 24 framework, namely:

- Respected for professionalism and technical competence;
- Recognised as a vibrant learned society that addresses the Global Grand Challenges;
- Acknowledged as an Institution of choice in which an engaged membership receives and adds value;

underpinned by a high performing organisation, adding significant value.

Strategy 28+

During 2023, a strategic review assessed progress against these objectives and identified areas for strengthening.

The resulting Strategy 28+ is an evolution of Strategy 24, setting out the Institution’s direction for the next five years and beyond with the aim of putting chemical and process engineering at the heart of a sustainable future – benefitting members, society and the environment.

To achieve our vision of engineering a sustainable future, two strategic goals have been identified supported by five enablers which will need to be underpinned by a responsive, adaptable, sustainable and high performing organisation, driven by purpose and impact.

The Institution will use its expertise, knowledge and reach to support a vibrant and thriving profession, and collaborate with others to serve society, as illustrated through our two strategic goals.

Strategic Goal 1		Strategic Goal 2		
Supporting a vibrant and thriving profession by helping to: <ul style="list-style-type: none"> ▪ Contribute demonstrably to the UN Sustainable Development Goals (SDGs) ▪ Attract a diverse range of talent into chemical and process engineering ▪ Enable members, organisations and society to achieve their potential ▪ Lead and support the positive impact chemical and process engineering has on society 		Serving society by collaborating with others through: <ul style="list-style-type: none"> ▪ Contributing to the development and sharing of knowledge, skills and research and using this to drive continuous improvement in efficient and safe operations ▪ Increasing awareness and understanding of how chemical and process engineering contributes to society through championing and promoting that contribution 		
Enabler 1	Enabler 2	Enabler 3	Enabler 4	Enabler 5
Engaging with governments, industry, employers, academia and the public to further understanding of our profession and its contribution to society.	Supporting and developing members and potential members through all stages of their career journeys. Helping them to understand and realise the benefits of membership in a global community.	Be recognised as a trusted, vibrant professional body using member knowledge and expertise to materially impact the major challenges facing society.	Growing an active, inclusive and engaged membership encompassing the diverse careers and contribution of our profession.	Developing and growing a viable programme of commercial activities to support the Institution’s charitable purpose.

Public Benefit

The Institution works to fulfil its goals globally, reflecting its broad and inclusive membership and the wider chemical engineering profession. It benefits the public and society by promoting high standards of engineering competence, professional ethics, safety, and sustainability, thus enabling industry and society to benefit from a competent profession and its practitioners.

The Trustees confirm that they have referred to the Charity Commission’s guidance on public benefit when reviewing the Institution’s aims and objectives and in planning its future activities.

Achievements and performance

In 2023, the Institution continued to operate to the aims stated within Strategy 2024, progressing across all four aims, as summarised below.

Aim 1: Respected for professionalism and technical competence

A three-stage membership application process for applicants seeking professional qualification was introduced in 2021. In 2023, further improvements were delivered, resulting in smoother applicant and assessor experiences, and providing greater data and analysis to drive improvement.

Changes to membership and qualifications-related regulations were approved by the Board of Trustees and published in: 'Admission, Qualification, Training and Professional Development Regulations'.

At the end of 2023, IChemE had a total of 30,000 members, of which 40% were Chartered Members or Fellows - a 1% rise on the end of 2022.

Accrediting qualifications

The Institution continued to support universities and training providers by accrediting educational programmes and fostering good practice. Fifteen in-person and virtual university accreditation visits took place across the UK and internationally.

Accrediting graduate company training schemes

The Institution continued to support employers and early career chemical and process engineers via the accreditation of graduate training schemes. In 2023, IChemE carried out accreditation visits to 16 employers in the UK. IChemE currently accredits 58 graduate training schemes in total.

Members' commitment to Continuing Professional Development (CPD)

Members and registrants commit to maintaining and enhancing their competence throughout their careers via appropriate continuing professional development (CPD). The 'Admission, Qualification, Training and Professional Development Regulations' set out the requirements for members to comply with the CPD requirements of the Institution. Registrants are required to comply with the CPD requirements of the individual licensing bodies, where they differ from IChemE's.

During 2023, IChemE contacted a selection of members and registrants with a request to demonstrate their engagement with CPD. This was reviewed by trained member volunteers, and brief feedback provided.

Aim 2: Recognised as a vibrant learned society that materially impacts on the Global Grand Challenges

The Learned Society Committee guides delivery of outputs and activities against agreed priorities. In 2023, these included:

Responsible Production

A Letter of Intent was signed to collaborate with the American Institute of Chemical Engineers (AIChE) on building a global hydrogen alliance, supporting the development and use of hydrogen technologies. Initial activity enabled development of a joint work plan, commencing with a series of webinars in early 2024. IChemE also agreed to support a proposed Cooperative Research Centre (CRC) in Australia. If funded by the Australian Government, this will work to scale up the production of green hydrogen.

IChemE continues to report on its Scope 1 and 2 CO₂ emissions, as per its commitment with the Climate Change policy.

Major Hazards Management

The Major Hazards Committee established a working group to analyse the process safety competencies required by chemical engineers across their career, to report in Q1 2024.

IChemE published guidance developed by the Major Hazards Committee clarifying how the Engineering Council's six guiding principles on risk should be applied in the process industries. IChemE also submitted a proposal to British Standards for development of a certifiable standard for process safety management systems. This is currently under consideration.

Digitalisation

During 2023, IChemE's Digitalisation Technical Advisory Group (DigiTAG) published a series of fact files on cybersecurity, alongside six articles for *The Chemical Engineer* on various digitalisation and digital technologies in collaboration with special interest groups, communities of practice, member communities and expert members.

As part of Strategy 28+, additional priorities will align with appropriate United Nations Sustainable Development Goals (SDGs), including:

- Energy and Climate Action (SDGs 7 and 13);
- Water and Sanitation (SDG 6);
- Food, Health, and Wellbeing (SDGs 2 and 3);
- Responsible Production, Innovation, and Industry (SDGs 9 and 12);
- Quality Education, including lifelong learning (SDG 4);
- Process Safety, including Major Hazards Management;
- Digitalisation, including cyber security.

Special interest groups (SIGs) and communities of practice (CoPs)

During 2023, IChemE's 19 SIGs, two CoPs and other groups ran 177 technical webinars. Around 15 webinars across the full spectrum of the Institution's interests are provided for members each month, with some seasonal variations.

Project funding enabled groups to attend external meetings and drive activity, including an event for early-career chemical engineers at the *European Symposium on Computer Aided Process Engineering* in Athens, in June 2023, and Clean Energy SIG contributions to the 2023 conference on *Fuel and Energy Research and its Applications* (FERIA).

Policy work

During 2023, alongside supporting policy work through the Royal Academy of Engineering, IChemE directly responded to the following consultations and enquiries:

- Technological innovations and climate change: onshore solar energy (Environmental Audit Committee) (UK);
- Australia's Critical Minerals Strategy - Discussion Paper (Australia);
- Voice of the Future, House of Commons;
- Australia's Science and Research Priorities (Australia);
- Onshore Solar Technologies, UK;
- Supporting responsible AI;
- Australia's Industry Growth Programme;
- Hydrogen HeadStart;
- Keeping the Power on - the future Energy Technology Mix;
- Retained EU Law - the effect on safety legislation.

IChemE also responded to requests for policy input from partners, including:

- Fit for the Future: Growing and Sustaining Engineering and Technology Apprenticeships for Young People Inquiry (UK);
- Strategic Advantage through Science and technology: the engineering view;
- Exploring recommendations for the R&D skills landscape;
- Maritime transport and net zero - options for future fuels;
- Wastewater and public health - engineering options.

The Chemical Engineer

The Chemical Engineer continues to be a valued member benefit, with 92% of respondents to the most recent survey saying they read a significant number of articles in every issue. 78% of chartered respondents agreed that features published by *The Chemical Engineer* are 'practicable, relevant and/or engaging'.

Journals

The 2022 Impact Factors for journals, announced in mid-2023, saw IChemE perform better than comparable journals. Two IChemE journals showed particularly strong performance - *Sustainable Production and Consumption* (SPC) and *Education for Chemical Engineers* (ECE).

Specialist publications

The *Loss Prevention Bulletin* (LPB) continues to be well received and is now available to all members on-line free of charge. The Forms of Contract suite was expanded to include the *Engineering, Project Management & Construction Management (EPCM) Form of Contract* (the 'Blue Book'), published in April 2023.

Fellowships

In September, Dylan Sherman, became the latest recipient of the Ashok Kumar Fellowship, established to enable chemical engineers to inform the work of UK Members of Parliament (MPs) and policymakers.

Events

The annual process safety conference Hazards 33 took place in Birmingham UK in 2023 with a record attendance of over 370 delegates, sponsors, and exhibitors from countries including China and the Czech Republic.

Chemeca 2023 was held in Auckland, New Zealand in October 2023, attracting over 200 participants, including IChemE's Chief Executive Yvonne Baker OBE. This included the popular Student Hackathon, won by the University of New South Wales.

Training

2023 saw 110 public training courses engaging with more than 1,000 members and non-members online and face-to-face. More than 60 in-company training courses were delivered to over 40 companies around the world.

IChemE continued to provide members with free on-demand training via the Sustainability Hub, with further content made available.

Promoting process safety

IChemE continued to promote process safety and advance the understanding and application of major hazards management techniques during 2023. The IChemE Safety Centre (ISC) continued to grow and diversify its membership internationally, ending the year with 55 operating and industry partners and 49 supporting partners.

Since its development, the ISC's process safety leadership and culture programme has been run over 55 times, involving 600 participants. In 2023, the programme, delivered as public courses alongside in-company training, was presented 12 times to attendees from ten different countries.

The ISC continued to produce a range of incident anniversary videos for social media audiences, with the content well-received across its platforms.

In March 2023, the ISC held an *Ethics in Safety event*, with a panel discussing real-life stories and experiences with ethical decisions. Panellists included two IChemE Past Presidents, Professor David Bogle and Dame Judith Hackitt, alongside Dr Steven Flynn, Trish Kerin and Craig Wright.

Recognising excellence

The IChemE Global Awards took place in November 2023, celebrating achievement in chemical, biochemical and process engineering across 19 award categories. There was significant global representation at the ceremony, with winners and highly commended finalists from countries including Trinidad and Tobago, the United States, Portugal, Australia, and Malaysia.

IChemE's medals and prizes programme continued to recognise excellence in chemical and process engineering, with a focus on contributions to sustainability. In 2023, 15 individuals and five groups were honoured, including Professor Adisa Azapagic, who was awarded the Davis Medal, for her work on sustainable production and consumption.

Aim 3: Acknowledged as a peer-group leader in which an engaged membership receives and adds value

Membership engagement

IChemE continued its emphasis on membership engagement during 2023 including specific efforts to improve career journey support, encourage student and early careers members, and recognise volunteers. The central importance of an engaged and active membership has been taken through into Strategy 28+, including an emphasis on making our voice heard where chemical and process engineering have specific contributions, such as working towards a sustainable world.

Member Groups and Special Interest Groups continue to thrive, with many offering virtual as well as in-person events, so enabling members to participate regardless of location. Member and Special Interest Group activity included 177 technical webinars during 2023, attracting nearly 20,000 participants.

IChemE ramped up its student and young people's engagement in the second half of 2023, including 50 presentations to chemical engineering undergraduates at universities in the UK, Australia and Malaysia, 69 membership presentations to members and potential members working within our network of industrial clients, corporate partners and ACTS companies.

Australia and New Zealand's 2023 Student Summit took place across August and September, comprising three events in Adelaide, Sydney and Perth. The summit considered how IChemE can better support students' careers and on-going development and activities included speed networking with fellow students and industry representatives.

DiscoverChemEng was launched in Autumn 2023 to raise awareness of chemical engineering as a career among young people, their teachers, parents and other influencers. The resources have been well received and are available for all members to use, free of charge.

Volunteering at IChemE

Volunteers are the lifeblood of IChemE and it is a priority to recognise and support them.

During 2023 over 2,700 volunteers contributed to the achievements of the Institution across a range of volunteer roles, including professional reviewer, mentor, member group and special interest group committees, members of Congress and the Board of Trustees.

Over 100 volunteers undertook training for reviewer and assessor roles for Membership and Qualifications and more than 50 offered to support school engagement. This included volunteers assisting schools with the Davidson Inventors Challenge – a competition open to UK students in Years 11 and 12 themed around UN's SDGs – and two local school outreach events.

In December 2023, IChemE celebrated the UN International Volunteer Day with the launch of digital badges recognising the expertise and achievement of our volunteers. The badge is shareable on social media platforms to highlight involvement with the Institution and has been well received.

Policy and impact

In December 2023, IChemE convened the first in a series of roundtable discussions on topics where chemical and process engineering can support public policy and awareness. The first discussion focussed on Battery Energy Storage Systems. It was chaired by IChemE Deputy President, Mark Apsey MBE, and included experts from professional engineering institutions, regulatory bodies, industry and academia. A summary paper was produced and shared with participants and members via *The Chemical Engineer*.

In November 2023, IChemE's President, Nigel Hirst, hosted a visit to the Rugby office by Mark Pawsey, MP for Rugby. Discussion included the critical importance of attracting a diverse range of talent into chemical engineering to engineer a sustainable world and the need for policy influencers to have access to appropriate science and engineering expertise.

Organisational development

On 14 June, Nigel Hirst CEng FIChemE was inaugurated as 82nd President of the Institution of Chemical Engineers. He delivered his Presidential Address to an audience of members, trustees and invited guests in-person at the Royal Society of Chemistry premises in London and on-line. Speaking on the topic "*Chemical Engineering: Science...or Art?*", the President set out his ambitions for improving further IChemE's positive impact on society through the sharing of knowledge and expertise. He celebrated the huge contributions made by volunteers and highlighted the critical role of engineers in meeting the challenges facing the world.

The President set out four themes for his tenure:

- **collaboration** - working with members, employers, government, engineering institutions and others to maximise our collective benefits to and impact on society.
- **continuous learning** - supporting chemical engineers, and those working in the sector, with meaningful development opportunities throughout their careers.
- **community** - ensuring the IChemE is an inclusive and welcoming community for everyone involved in and associated with chemical and process engineering.
- **choice** - increasing the number and diversity of young people choosing chemical engineering.

Yvonne Baker OBE CEng MIChemE became Chief Executive of the Institution in April 2023.

Plans for the future

IChemE's Strategy 28+ outlines the Institution's direction for the next five years and beyond. With a vision of "Engineering a Sustainable World", the Strategy puts chemical and process engineering at the heart of a sustainable future, benefitting members, society and the environment.

As part of this, the 2024 business plan identifies three priorities:

1: Sustainable membership growth - ambitious but achievable growth targets (3 to 5% per year) have been set out. The focus is sustainable growth – attracting new members into the Institution at all levels, ensuring they are then supported and engaged.

2: Improving member experience - the IChemE is its members. Members are the lifeblood of the organisation, giving their time and expertise to benefit society, the economy and the planet. IChemE has established a new Member Experience function, working closely with the Qualifications and Registration teams, to ensure that all members receive a continually improving service throughout and beyond their education and working lives.

3: Making our voice heard - a key role for IChemE is raising awareness of the pivotal role of chemical and process engineering in society, particularly in addressing the 'wicked problems' facing the world including climate change, energy and food security and global health. Working with members and partner organisations in the UK, Australasia and globally, IChemE will use its collective knowledge to engage with, and be a trusted advisor to governments, policymakers, and the public.

Financial Review

The financial statements for the year ended 31 December 2023 are set out on pages 20 to 39.

The charity only financial results incorporate the results of the UK and its branch in Australia.

The group financial statements also include the results of the Institution's UK trading subsidiary, IChemE Ltd, and the charitable activities of the Institution's subsidiaries in Malaysia and New Zealand.

Unrestricted funds

Total group income for the year was £9,850,000 (2022: £8,642,000). The principal sources of income were from:

- Membership subscription and accreditation fees totalling £4,560,000 (2022: £4,098,000).
- IChemE's training course activity generated £2,379,000 (2022: £1,943,000) in delegate fees. A further £693,000 (2022: £597,000) was received from attendance and sponsorship of major conferences and the global awards event.
- Royalty fees from our journals and sales of publications totalling £1,623,000 (2022: £1,369,000).
- Income from the Institution's knowledge communities of £380,000 (2022: £364,000), the majority of which relates to company subscriptions to the IChemE Safety Centre. Other income from collaboration with other entities generated £18,000 (2022: £14,000).
- The income of the Institution's trading subsidiary IChemE Ltd, which is generated mainly through the sale of advertising space in *The Chemical Engineer*, was £129,000 (2022: £193,000).
- There were no donations or legacies received or notified to the Institution in 2023.
- Dividends and interest on the Institution's investment portfolio was £68,000 (2022: £64,000).

Total group expenditure for the year was £8,783,000 (2022: £8,201,000).

Overall net income before gains on investments funds, was £1,067,000 (2022: £441,000). Unrealised gains on investments for the year were £39,000 (2022: losses £367,000) resulting in an overall net income of £1,106,000 (2022: £74,000).

After the other recognised gains or losses; actuarial loss on the defined benefit pension scheme of £293,000 (2022: gain £1,366,000); as well as exchange losses on the retranslation of the balance sheets of the foreign branches and subsidiaries of £44,000 (2022: gains £114,000), the unrestricted fund balance at year end increased by £769,000 (2022: £1,554,000) to £5,579,000 (2022: £4,810,000).

The Institution's wholly owned trading subsidiary, IChemE Ltd, achieved an operating profit of £71,000 (2022: £122,000), which has been gift aided to the Institution. The results of the UK trading subsidiary and of the subsidiary undertakings in Malaysia and New Zealand are set out in note 2 to the financial statements.

Restricted funds

Restricted funds are income funds that can only be used for specific purposes which have been specified by the donor, or by the terms applied to an appeal for funds.

The net expenditure on restricted funds for 2023 was £138,000 (2022: £245,000).

The total restricted fund balance at year end was £931,000 (2022: £1,069,000).

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

Investment policy and powers

Investments are held in accordance with the By-laws of the Institution. The Trustees have 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.

IChemE continues to use the services of an independent financial advisor to review and monitor the investment portfolio. The performance of the funds and ongoing investment strategy is formally reviewed by the Finance & HR Committee throughout the year.

The investment policy adopted by the Trustees 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 Rathbones Investment Management Limited 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.

The Trustees have considered their approach to ESG (Environmental, Social and Governance) within the investment strategy. The approach currently taken is not to specifically exclude any assets or investments, or to hold dedicated ESG investment funds. Both Rathbones and Ruffer consider ESG factors when evaluating investments and have their own ESG scoring mechanism for companies included within the investment portfolio. They work to improve ESG within those companies through active engagement and influence.

During the year, the investment funds received £68,000 (2022: £64,000) in interest and dividends, and incurred management fees of £41,000 (2022: £66,000). The funds generated unrealised gains of £39,000 (2022: losses £376,000). The total return for the year, taking into account all income, management fees and market value movements, was an increase of 1.0% (2022: decrease of 5.4%).

No disinvestments were made from the funds in 2023 (2022: £nil). All income received during the year has been re-invested.

The Institution's investments are recorded at market value. The market value of the investment portfolio at 31 December 2023 was £6,385,000 (2022: £6,319,000). The gains and losses on revaluation have been recognised in the Statement of Financial Activities.

Reserves policy

The Finance and HR Committee reviews the Institution's reserves policy and level of reserves held on an annual basis. The Committee considers all relevant information including the five-year budget and business plan, the strategic plan and the risks identified in the risk register.

The current reserves policy adopted by the Trustees is to hold free reserves equivalent to the level of committed costs plus a margin of 10%. This level of reserves is considered appropriate to demonstrate appropriate financial management of the Institution and to ensure the financial stability of the Institution in periods where there is a short to medium term shortfall in operating income. For 2023, the level of reserves required to meet this policy was £3,800,000.

The level of unrestricted reserves freely available at the year-end was £7,613,000 (2022: £6,734,000).

The current level of reserves held is in excess of the policy. The Trustees are comfortable holding excess reserves due to:

- the investment required to meet the next Strategy, some of which will require funding from reserves;
- the potential decline in the market value of the investment funds due to uncertainty in the investment market;
- to protect the Institution against fluctuating income levels;
- the defined benefit pension scheme liabilities could increase further with future years' triennial valuations.

Unrestricted free reserves exclude the designated fund of £350,000 (2022: £350,000), fixed asset reserves of £608,000 (2022: £647,000) and are stated before taking account of the pension-funding deficit of £2,992,000 (2022: £2,921,000) calculated under FRS 102. Due to the extremely long-term nature of the pension reserve, the unrestricted reserves freely available are considered a more appropriate measure.

Recognising the long-term nature of the liability, the Trustees are fully committed to the continuing support of the Defined Benefit Pension Scheme and working closely with the Pension Scheme Trustees when considering the triennial valuation results and in setting any recovery plan to eliminate the deficit in the Scheme. The contributions paid into the Scheme are included in the Institution's annual budgeting process to ensure, where possible, they are covered from operational activity rather than drawn down from reserves. The Trustees also work closely with the Pension Scheme Trustees to look at ways that the Scheme could be de-risked further, having already been closed to new members and future accruals and having utilised a Liability Driven Investment structure.

Further information on the Defined Benefit Pension Scheme can be found in note 20 to the financial statements.

The total funds held at year end, after taking into account the pension-funding deficit, amounted to £6,510,000 (2022: £5,879,000). The total fund balance includes restricted funds of £931,000 (2022: £1,069,000).

The Trustees have considered the level of reserves held at year end and believe they are sufficient to protect IChemE from serious disruption to its work.

Structure, Governance and Management

Governing Document

The Institution of Chemical Engineers was founded in 1922 and incorporated by Royal Charter in 1957.

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 Board of Trustees, which is the Institution's governing body.

The Institution is a registered charity in England & Wales and a charity registered in Scotland.

Appointment of Trustees

The Trustees are elected in accordance with the Royal Charter and By-laws and the Board comprises the following roles:

- President
- Deputy President
- Immediate Past President
- Treasurer
- three Vice-Presidents
- three ordinary members
- two regional members

The President, Deputy President and Immediate Past President are elected annually. Those eligible for election as President shall be the Deputy President or, if in the opinion of the Board of Trustees special circumstances exist, a Fellow. The person eligible as Immediate Past President shall be the retiring President.

The Treasurer, Vice-Presidents, ordinary members, and regional members of the Board shall be elected for a term not exceeding three years nor less than one year.

Trustee induction and training

All new Trustees receive an induction pack including the By-laws and Regulations of the Institution, recent minutes of meetings, and the relevant Charity Commission publications outlining their roles and responsibilities as a Charity Trustee. An induction programme takes place annually for all new Trustees, also available for existing Trustees, to get an oversight of the structure of the Institution and its activities.

Trustees have a legal duty to avoid conflicts of interest so that they can focus exclusively on the best interests of the Institution. The Institution maintains a register of interests, which is updated annually or when any changes are reported by Trustees. Procedures are in place for managing conflicts of interest that may arise during Trustee meetings.

Institution structure

The Board of Trustees is the governing body of the Institution and has ultimate responsibility for providing strategic direction and for ensuring that the charitable objects set out in the governing document are met. The Board of Trustees meets formally at least four times a year to review performance against these objects.

Congress is the representative advisory body serving as a link between the Institution's members and the Board of Trustees. Congress consists of up to forty members, all members of the Institution, who are nominated and elected by their peers from a functional or geographical college. The functional college consists of up to 15 representatives to broadly reflect the Institution's membership across the various grades. The regional college consists of up to 25 representatives to reflect the geographical footprint of the Institution's membership. Congress members are elected for a term of three years, renewable up to a maximum term of six years.

The Congress Steering Group is responsible for the oversight and facilitation of the conduct of Congress and the engagement of Congress members. The Steering Group consists of the Congress Chair, Vice-Chair, the Chief Executive, and a designated Trustee lead.

Congress holds up to three sessions a year, which are held as online open forums each lasting up to thirty days. The agenda for the sessions is determined by the Chair of Congress in consultation with the Congress Steering Group.

The Chief Executive is appointed by the Board of Trustees and has delegated authority for the day-to-day operation of the Institution, its branches and subsidiary undertakings. The Chief Executive is supported by the Senior Management Team.

The Board of Trustees are the registered Trustees of IChemE's branch in Australia, which is registered with the Australian Charities and Not-for-profits Commission. The branch has a National Board to advise the Trustees on how IChemE's strategy can be delivered locally.

The Institution's operations in Malaysia and New Zealand, each have their own National Boards operating under delegated authority from the Board of Trustees and in compliance with local regulatory requirements.

The Institution has a wholly owned trading subsidiary in the UK, IChemE Ltd, established to operate the sale of advertising space in the Institution's journals and publications. The company gift aids its taxable profits to the Institution.

In addition to Congress and the local National Boards, there are a number of standing Committees operating under delegated authority from the Board of Trustees which have been established to facilitate the efficient operation of the charity. These consist of:

- Qualifications Committee
- Learned Society Committee
- Member Engagement Committee
- Governance Panel
- Finance & HR Committee
- Audit and Risk Committee
- Succession Planning Committee
- Nominations Committee
- Professional Conduct Pool
- Commercial Panel

The Scheme of Delegation, which is reviewed annually, sets out the powers delegated to these Committees and Panels.

The Institution also has an extensive network of National, Regional and Special Interest Groups enabling members to get involved in the Institution's activities. 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, school 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. Regular meetings are held to update all staff on the Institution's activities and other emerging issues.

Volunteers

All Trustees and the various members of boards, committees and panels 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.

Fundraising

The Institution does not actively undertake any fundraising activities from the general public or use the services of professional fundraisers or commercial participators.

The Institution is not bound by any regulatory scheme and is not subject to any voluntary code of practice regulating fundraising.

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

Remuneration policy for key management personnel

The Institution considers its key management personnel to comprise the Board of Trustees, the Chief Executive and the Senior Management Team. All Trustees give their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses and related party transactions can be found in notes 8 and 16 to the accounts.

The pay of the Chief Executive and Senior Management Team is set and monitored by the Finance & HR Committee.

The Institution is committed to ensuring that it pays its staff fairly and in a way which ensures it attracts and retains appropriately qualified staff to lead, manage, support and deliver the Institution's charitable objects.

Professional advice is sought where appropriate to establish appropriate benchmark levels for each position or group of positions within the organisation structure. These benchmark rates are reviewed regularly. When inflation is relatively low this review may not be annual and so an interim inflationary adjustment to the benchmark salary level may be made.

The Institution does not employ interns without pay and it complies with the living wage for all staff.

In addition to financial remuneration, the Institution seeks to provide staff with a supportive working environment and wherever possible works to promote the wellbeing of staff and satisfactory work-life balance.

Risk management

The Trustees are responsible for overseeing risk management across the organisation and for ensuring that a sound system of internal control is maintained that supports the achievement of IChemE's strategic aims and objectives. The day to day management of risk is delegated to the Chief Executive and the Senior Management Team.

The Audit & Risk Committee is responsible for assessing the effectiveness of risk management and internal controls across the organisation.

A strategic risk register is maintained by the Senior Management Team and is updated on a regular basis. The Audit & Risk Committee regularly reviews the risk register, concentrating on the highest scoring risks and their control and mitigation measures.

The business planning and budgeting cycle is used to set objectives for the following five years, agree action plans, allocate resources, and to identify new risks or changes in existing risks or their control measures. Progress towards meeting the objectives and annual budget is monitored on a monthly basis by the Senior Management Team.

The Trustees receive an annual report highlighting the top strategic risks. Significant changes in risk items will also be reported to the Trustees as required.

The highest rated strategic risks in 2023 which could impact the delivery of the strategy are listed below.

Risk	Control and Mitigation Measures
Continuity of membership revenue	Renewed focus on membership recruitment through engagement with HEIs, employers and ACTS partners. DiscoverChemEng campaign and young people's engagement programme launched. Improved timescales for new applications and transfers between grades, and further work underway to streamline supporting processes. Member Experience team formed to focus on member engagement and improving member experience.
Continuity of commercial revenue	Creation of a 5 year commercial strategy. Formal and informal market research/customer feedback analysis to ensure product offering meets requirements; competitor analysis; widening of trainer pool in key markets; diverse journal publishing model. Regular monitoring of performance of journals partner and other key suppliers.
Failure to effectively articulate IChemE's voice and impact for members and on society	Increased engagement with government and other bodies, working towards becoming a trusted advisor to governments, policymakers, and the public. Introduction of roundtable discussions with other PEIs, regulatory bodies, industry, and academia on topics where chemical and process engineering can support public policy and awareness.
Major shocks to business continuity	Increased use of digital technologies to support service delivery to members and other stakeholders. All business critical IT applications are cloud based. Close monitoring of performance of support partners to ensure minimal downtime. Cyber security insurance. Staff provided with cyber security and GDPR training. Working towards cyber essentials plus accreditation.
Compliance and risk management	Regular review of our operations to ensure governance structure and oversight is appropriate. Scheme of Delegation established clearly setting out decisions delegated to committees of the Board of Trustees and the Executive team. Use advisors as necessary in the UK and at a local level for overseas branches and subsidiaries.
Mission creep	Strategy 28+ developed, building on previous strategy, setting out key areas of focus and goals. Annual business planning and budgeting cycle to set objectives for following 5 years aligned to strategy.

The Trustees are satisfied that reasonable steps are being taken to limit the probability and the impact of risk.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then applies them consistently.
- make judgements and estimates that are reasonable and prudent.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Institution will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply 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. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 23 April 2024 and signed on its behalf by:



Mr NH Hirst
President



Dr DW Edwards
Honorary Treasurer

Davis Building
165-189 Railway Terrace
Rugby
CV21 3HQ

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

Opinion

We have audited the financial statements of the Institution of Chemical Engineers (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated and Charity Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated and Charity Cash Flow Statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 parent charity's affairs as at 31 December 2023 and of the group's and parent charity'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, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

Basis for opinion

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 151 of the Charities Act 2011 and report in accordance with regulations made under those Acts.

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 parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 where the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' annual report; or
- proper and sufficient 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 statement of trustees' responsibilities set out on page 16 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and 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 parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and parent charity operate in and how the group and parent charity are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS102), Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2011, the parent charity's governing document and tax legislation.

We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection Regulation (GDPR). We performed audit procedures to inquire of management and those charged with governance whether the group/charity is in compliance with these law and regulations and read minutes.

The audit engagement team identified the risks of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and testing of income transactions around the period end.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011. 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP

Statutory Auditor
103 Colmore Row
Birmingham
B3 3AG

Date: 14 May 2024

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

Consolidated statement of financial activities for the year ended 31 December 2023

	<i>Notes</i>	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000
INCOME							
Charitable activities:							
	3						
Qualifying Chemical Engineers		4,565	-	4,565	4,101	-	4,101
Operating a Learned Society for Chemical Engineers		5,088	20	5,108	4,284	20	4,304
Other trading activities:							
Trading operations	2	129	-	129	193	-	193
Investments	4	68	-	68	64	-	64
TOTAL INCOME		9,850	20	9,870	8,642	20	8,662
EXPENDITURE ON							
Raising funds:							
Trading operations	2	(58)	-	(58)	(71)	-	(71)
Investment management costs		(50)	-	(50)	(66)	-	(66)
Charitable activities:							
	5						
Qualifying Chemical Engineers		(3,573)	-	(3,573)	(3,740)	-	(3,740)
Operating a Learned Society for Chemical Engineers		(5,102)	(158)	(5,260)	(4,324)	(265)	(4,589)
TOTAL EXPENDITURE		(8,783)	(158)	(8,941)	(8,201)	(265)	(8,466)
Net gains / (losses) on investments	10	39	-	39	(367)	-	(367)
NET INCOME / (EXPENDITURE)		1,106	(138)	968	74	(245)	(171)
Transfer between funds:	14	-	-	-	-	-	-
Other recognised (losses) / gains:							
Actuarial (losses) / gains on defined benefit pension schemes	20	(293)	-	(293)	1,366	-	1,366
Exchange (losses) / gains arising from retranslation of foreign branches & subsidiaries		(44)	-	(44)	114	-	114
NET MOVEMENT IN FUNDS		769	(138)	631	1,554	(245)	1,309
Fund balances brought forward at 1 January		4,810	1,069	5,879	3,256	1,314	4,570
Fund balances carried forward at 31 December		5,579	931	6,510	4,810	1,069	5,879

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 24 to 39 form part of these financial statements.

Charity statement of financial activities for the year ended 31 December 2023

	<i>Notes</i>	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000
INCOME							
Gift aid from subsidiary company	2	71	-	71	122	-	122
Charitable activities:	3						
Qualifying Chemical Engineers		4,557	-	4,557	4,100	-	4,100
Operating a Learned Society for Chemical Engineers		4,895	20	4,915	4,226	20	4,246
Investments	4	68	-	68	64	-	64
TOTAL INCOME		9,591	20	9,611	8,512	20	8,532
EXPENDITURE ON							
Raising funds:							
Investment management costs		(50)	-	(50)	(66)	-	(66)
Charitable activities:							
Qualifying Chemical Engineers	5	(3,536)	-	(3,536)	(3,671)	-	(3,671)
Operating a Learned Society for Chemical Engineers		(4,888)	(158)	(5,046)	(4,267)	(265)	(4,532)
TOTAL EXPENDITURE		(8,474)	(158)	(8,632)	(8,004)	(265)	(8,269)
Net gains / (losses) on investments	10	39	-	39	(367)	-	(367)
NET INCOME / (EXPENDITURE)		1,156	(138)	1,018	141	(245)	(104)
Transfer between funds:	14	-	-	-	-	-	-
Other recognised (losses) / gains:							
Actuarial (losses) / gains on defined benefit pension schemes	20	(293)	-	(293)	1,366	-	1,366
Exchange (losses) / gains arising from retranslation of foreign branches & subsidiaries		(39)	-	(39)	108	-	108
NET MOVEMENT IN FUNDS		824	(138)	686	1,615	(245)	1,370
Fund balances brought forward at 1 January		4,706	1,069	5,775	3,091	1,314	4,405
Fund balances carried forward at 31 December		5,530	931	6,461	4,706	1,069	5,775

Balance sheets at 31 December 2023

	<i>Note</i>	2023	Group	2023	Charity	2022
		£000		£000	£000	£000
Fixed assets						
Tangible assets	9	608		647	608	647
Investments	10	6,385		6,319	6,385	6,319
		6,993		6,966	6,993	6,966
Current assets						
Debtors	11	1,224		1,201	1,368	1,397
Cash at bank and in hand		4,620		3,320	4,370	2,933
		5,844		4,521	5,738	4,330
Creditors: Amounts falling due within one year	12	(3,335)		(2,687)	(3,278)	(2,600)
Net current assets		2,509		1,834	2,460	1,730
		9,502		8,800	9,453	8,696
Pension scheme funding deficit	20	(2,992)		(2,921)	(2,992)	(2,921)
Total net assets after pension deficit		6,510		5,879	6,461	5,775
Income Funds						
Unrestricted funds						
General funds		8,221		7,381	8,172	7,277
Designated funds	15	350		350	350	350
Pension reserve	20	(2,992)		(2,921)	(2,992)	(2,921)
		5,579		4,810	5,530	4,706
Restricted funds	14	931		1,069	931	1,069
Total funds		6,510		5,879	6,461	5,775

These financial statements were approved by the Board of Trustees and authorised for issue on 23 April 2024.

Mr NJ Hirst
President

Dr DW Edwards
Honorary Treasurer

Consolidated cash flow statement for the year ended 31 December 2023

	<i>Note</i>	2023 £000	2022 £000
Cash flows from operating activities	<i>18</i>	1,414	(74)
Cash flows from investing activities:			
Dividends and interest from investments	<i>4</i>	68	64
Purchase of fixed asset investments	<i>10</i>	(68)	(64)
Purchase of property, plant & equipment	<i>9</i>	(39)	(3)
Net cash (used in) / provided by investing activities		(39)	(3)
Change in cash and cash equivalents in the reporting period		1,375	(77)
Cash and cash equivalents at the start of the reporting period		3,320	3,319
Change in cash and cash equivalents due to exchange rate movements		(75)	78
Cash and cash equivalents at the end of the reporting period		4,620	3,320

Charity cash flow statement for the year ended 31 December 2023

	<i>Note</i>	2023 £000	2022 £000
Cash flows from operating activities	<i>18</i>	1,511	(154)
Cash flows from investing activities:			
Dividends and interest from investments	<i>4</i>	68	64
Purchase of fixed asset investments	<i>10</i>	(68)	(64)
Purchase of property, plant & equipment	<i>9</i>	(39)	(3)
Net cash (used in) / provided by investing activities		(39)	(3)
Change in cash and cash equivalents in the reporting period		1,472	(157)
Cash and cash equivalents at the start of the reporting period		2,933	3,052
Change in cash and cash equivalents due to exchange rate movements		(35)	38
Cash and cash equivalents at the end of the reporting period		4,370	2,933

Notes forming part of the financial statements for the year ended 31 December 2023

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP (FRS 102)); 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 have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The financial statements are presented in Sterling (£) and are rounded to the nearest thousand pounds.

The Institution meets the definition of a public benefit entity as defined by FRS 102.

Preparation of the accounts on a going concern basis

The Trustees have assessed whether the use of a going concern basis is appropriate when preparing these financial statements and have concluded that there are no material uncertainties about the Institution's ability to continue as a going concern, and that the Institution has sufficient cash reserves to continue to meet its liabilities as they fall due.

In arriving at this decision, the Trustees have taken into account: the group's financial performance during 2023; the budgets and cashflow predictions for the next three-year period; and the level of free reserves held at year-end.

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

Basis of consolidation

The financial statements consolidate the financial statements of the UK and Australian branch, its wholly owned UK trading subsidiary IChemE Ltd and its not-for-profit subsidiaries IChemE in Malaysia, IChemE in New Zealand and IChemE in Singapore Ltd, by virtue of the control exercised by the charity. The results of the subsidiaries are consolidated on a line-by-line basis. The results of the subsidiaries are summarised in note 2 of the financial statements.

Income

Income is recognised when the Institution has entitlement to the income, any performance conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Donations are recognised when the Institution has entitlement to the funds, it is probable that the income will be received, and the amount can be measured reliably. When donors specify that donations are to be used for a specific purpose, they will be included in income as a restricted fund when receivable.

Legacy gifts are recognised on a case-by-case basis following the granting of probate when the administrator of the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Subscriptions and events income are accounted for in the year to which they apply. Subscription income received during the year that relates to a subsequent financial accounting period is carried forward as a creditor in the balance sheet and shown as deferred income.

Interest and dividends on investments are accounted for when receivable.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal and constructive obligation committing the Institution to the expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

1 Accounting policies (continued)

All expenditure is included in the statement of financial activities on an accruals basis.

Expenditure is recorded net of value added tax unless irrecoverable.

All expenditure, including support costs, are allocated or apportioned to the applicable expenditure headings in the statement of financial activities.

Allocation of support and governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

Governance and support costs relating to charitable activities have been apportioned on the basis of staff costs associated with each activity. The allocation of support and governance costs is analysed in note 6.

Operating leases

Operating lease rentals are charged to the statement of financial activities on a straight-line basis over the terms of the lease.

Tangible fixed assets and depreciation

Fixed assets are recorded at cost or valuation, net of depreciation and any provision for impairment. Expenditure on individual fixed assets costing over £2,500 is capitalised.

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

Freehold buildings	-	5%
Leasehold buildings	-	20%
Office equipment	-	15%
Computer software	-	33%

Freehold land is not depreciated.

Investments

Fixed asset investments are initially recorded at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing bid price. The statement of financial activities includes the net gains or losses arising on revaluation and disposals throughout the year.

Realised gains or losses on investments are calculated as the difference between the sales proceeds and their fair value at 31 December (or historical cost if purchased within the year). Unrealised gains or losses are derived from the movement in fair values during the year.

The Institution does not acquire put options, derivatives or other complex financial instruments.

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 Board of Trustees in connection with the objects of the Institution. Designated funds comprise unrestricted funds that have been set aside by the Trustee for a particular purpose.

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 through the statement of financial activities.

1 Accounting policies (continued)

Pension costs

Employees of the charity are entitled to join a group personal pension plan. This is a defined contribution pension scheme with assets held in the names of the individual members. The charity contribution is restricted to the contributions disclosed in note 20. The costs of the defined contribution scheme are included within staff costs and are charged to the statement of financial activities in the year in which they become payable.

The charity also operates a defined benefit pension scheme. The scheme was closed to new members and future service accruals in 2006. The assets of the scheme are held separately from those of the Institution in an independently administered fund.

The difference between the fair value of the assets held in the defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the balance sheet as a pension asset or liability as appropriate. Changes in the defined pension scheme asset or liability arising from factors other than cash contribution by the Institution are charged to the Statement of Financial Activities in accordance with FRS 102.

Provisions

Provisions are recognised when the Institution has a present obligation, legal or constructive, as a result of a past event, it is probable that the Institution will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Financial instruments

Financial assets, other than fixed asset investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and underlying assumptions are continually reviewed.

The following are critical judgements that the Trustees have made in the process of applying the Institution's accounting policies:

- determining whether leases entered into by the group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 9). Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of these assets are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as life cycle and maintenance programmes are taken into account. Residual value assessments consider issues such as the remaining life of the asset and project disposal values.
- Trade debtors (see note 11). At each reporting date, trade debtors are assessed for recoverability. If there is any evidence of impairment, the carrying amount of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in the income statement.
- Pensions costs (see note 20). The defined benefit pension scheme obligations are based on actuarial assumptions such as discount rate, the expected rate of return on scheme assets, and mortality rates, which are extensively detailed in note 20.

2 Results of subsidiaries

The summary financial performance and position of the subsidiaries is shown below:

	IChemE Ltd	IChemE in New Zealand	IChemE Malaysia Sdn Bhd	2023 Total	2022 Total
	£000	£000	£000	£000	£000
Income	129	149	83	361	251
Expenditure	(58)	(185)	(96)	(339)	(196)
Net income / (expenditure)	71	(36)	(13)	22	55
Amount gift aided to the Institution	(71)	-	-	(71)	(122)
Retained in subsidiary	-	(36)	(13)	(49)	(67)

Balance sheets

	IChemE Ltd	IChemE in New Zealand	IChemE Malaysia Sdn Bhd	2023 Total	2022 Total
	£000	£000	£000	£000	£000
Fixed assets	-	-	-	-	-
Current assets	127	103	53	283	561
Current liabilities	(127)	(18)	(90)	(234)	(457)
Net current assets	-	85	(37)	49	104
Total net assets	-	85	(37)	49	104

IChemE Ltd (company number 2817128) is a company limited by shares, incorporated in the United Kingdom.
 IChemE in New Zealand (society number 980425) is an incorporated society in New Zealand.
 IChemE Malaysia Sdn Bhd (company number 1390908-U).

3 Analysis of income from charitable activities

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
<i>Qualifying Chemical Engineers:</i>				
Membership subscription and accreditation fees	4,560	4,098	4,552	4,097
<i>Operating a Learned Society for Chemical Engineers:</i>				
Journals & publications	1,623	1,369	1,623	1,369
Knowledge communities	380	364	358	353
Conferences, seminars & events	693	597	542	595
Provision of training	2,379	1,943	2,358	1,898
Other income	18	14	18	14
Subscriptions to technical centres (restricted funds)	20	20	20	20
	9,673	8,405	9,471	8,346
	9,673	8,405	9,471	8,346

4 Investment income

Group and Charity	2023 £000	2022 £000
Interest receivable	6	3
Dividends receivable	62	61
	68	64
	68	64

5 Analysis of expenditure on charitable activities

Group	Direct activity costs £000	Support costs £000	2023 Total £000	2022 Total £000
Qualifying Chemical Engineers	2,189	1,384	3,573	3,740
Operating a Learned Society for Chemical Engineers	3,872	1,388	5,260	4,589
	6,061	2,772	8,833	8,329
	6,061	2,772	8,833	8,329

Expenditure on charitable activities was £8,833,000 (2022: £8,329,000) of which £8,675,000 was unrestricted (2022: £8,064,000) and £158,000 was restricted (2022: £265,000).

Charity	Direct activity costs £000	Support costs £000	2023 Total £000	2022 Total £000
Qualifying Chemical Engineers	2,187	1,349	3,536	3,671
Operating a Learned Society for Chemical Engineers	3,688	1,358	5,046	4,532
	5,875	2,707	8,582	8,203
	5,875	2,707	8,582	8,203

Expenditure on charitable activities was £8,582,000 (2022: £8,203,000) of which £8,424,000 was unrestricted (2022: £7,938,000) and £158,000 was restricted (2022: £265,000).

5 Analysis of expenditure on charitable activities (continued)

Net income for the year is stated after charging / (crediting):

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Depreciation	78	77	78	77
Operating leases:				
Plant and machinery	3	10	3	10
Land and buildings	55	74	51	60
Exchange rate differences	(30)	(53)	(40)	26
	<u>78</u>	<u>77</u>	<u>78</u>	<u>77</u>

6 Analysis of governance and support costs

Included within expenditure on charitable activities are governance and support costs amounting to £2,772,000 (2022: £2,624,000). These are analysed as:

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Staff costs	996	1,062	951	1,028
Finance	363	414	356	410
IT	588	476	586	474
Facilities & HR	654	523	648	512
Management & Governance	171	149	166	151
	<u>2,772</u>	<u>2,624</u>	<u>2,707</u>	<u>2,575</u>

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

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Qualifying Chemical Engineers	1,384	1,326	1,349	1,295
Operating a Learned Society for Chemical Engineers	1,388	1,298	1,358	1,280
	<u>2,772</u>	<u>2,624</u>	<u>2,707</u>	<u>2,575</u>

Analysis of governance costs:

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
External audit	44	41	37	35
General meeting costs	6	9	6	7
Legal & professional fees	27	27	26	26
Electoral services	2	3	2	3
	<u>79</u>	<u>80</u>	<u>71</u>	<u>71</u>

7 Analysis of trustee remuneration and expenses

Group and Charity	2023 £000	2022 £000
Expenses paid to or on behalf of 12 (2022: 6) Trustees in respect of travel, subsistence, and accommodation costs	41	19

The Trustees give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2022: *£nil*).

8 Analysis of staff costs and remuneration to key management personnel

The average monthly headcount for the group during the year was 92 (2022: 94) and for the charity 88 (2022: 89). The number of full-time equivalent persons employed by the group and charity during the year was as follows:

	Group		Charity	
	2023	2022	2023	2022
Qualifying Chemical Engineers	31	33	29	30
Operating a Learned Society for Chemical Engineers	35	33	35	33
Management and Administration	20	20	18	18
	<u>86</u>	<u>86</u>	<u>82</u>	<u>81</u>

The aggregate payroll costs of these persons were as follows:

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Wages and salaries	3,493	3,408	3,438	3,350
Social security costs	323	327	322	326
Pension scheme contributions	399	300	394	295
Defined benefit pension scheme operating costs	102	81	102	81
Employee benefits	60	64	60	64
	<u>4,377</u>	<u>4,180</u>	<u>4,316</u>	<u>4,116</u>

During 2023, *£nil* (2022: *£nil*) was paid out as redundancy or termination payments.

The numbers of employees, including the Chief Executive, whose total employee benefits, excluding employer pension contributions, exceeded £60,000, fell within the following ranges:

	Group		Charity	
	2023	2022	2023	2022
£60,001 - £70,000	6	3	6	3
£70,001 - £80,000	2	1	2	1
£80,001 - £90,000	-	1	-	1
£90,001 - £100,000	2	2	2	2
£100,001 - £110,000	1	-	1	-
£110,001 - £120,000	1	1	1	1
£150,001 - £160,000	1	1	1	1

The number of employees who earned more than £60,000 for whom pension benefits are accruing under the defined contribution pension scheme is 11 (2022: 8). Contributions in respect of these employees amounted to £105,000 (2022: £62,000). The Institution considers its key management personnel to comprise the Board of Trustees, the Chief Executive, and the Senior Management Team. The total employment benefits of 7 (2022: 6) key management personnel staff, including employer pension contributions and employer's national insurance, were £810,000 (2022: £749,000).

9 Tangible fixed assets

Group	Freehold Property £000	Office equipment £000	Computers £000	Total £000
Cost or valuation				
At beginning of year	1,800	141	31	1,972
Additions	-	36	3	39
Disposals	-	(13)	-	(13)
At end of year	1,800	164	34	1,998
Depreciation				
At beginning of year	1,155	141	29	1,325
Charge for the year	76	-	2	78
Disposals	-	(13)	-	(13)
At end of year	1,231	128	31	1,390
<i>Net book value</i>				
At 31 December 2023	569	36	3	608
At 31 December 2022	645	-	2	647
Charity				
Cost or valuation				
At beginning of year	1,800	141	31	1,972
Additions	-	36	3	39
Disposals	-	(13)	-	(13)
At end of year	1,800	164	34	1,998
Depreciation				
At beginning of year	1,155	141	29	1,325
Charge for the year	76	-	2	78
Disposals	-	(13)	-	(13)
At end of year	1,231	128	31	1,390
<i>Net book value</i>				
At 31 December 2023	569	36	3	608
At 31 December 2022	645	-	2	647

Freehold property at 31 December 2023 includes land at valuation of £280,000 (2022: £280,000) which is not depreciated.

10 Fixed asset investments

Group and Charity	2023	2022
	£000	£000
Fair value at 1 January	6,319	6,678
Acquisitions at cost	3,135	2,935
Proceeds of disposals	(3,108)	(2,927)
Net gains / (losses) on revaluation	39	(367)
	<hr/>	<hr/>
Fair value at 31 December	6,385	6,319
	<hr/> <hr/>	<hr/> <hr/>
Historical cost at 31 December	3,766	3,739
	<hr/> <hr/>	<hr/> <hr/>

All investments are carried at their fair value. An analysis of the fair value of the investments at 31 December 2023 is as follows:

Group and Charity	2023	2022
	£000	£000
Equities	3,169	2,639
Fixed Interest	2,196	1,828
Other	809	1,563
Cash	211	289
	<hr/> <hr/>	<hr/> <hr/>

Investments in Subsidiaries

The Institution holds 2 shares of £1 each in its wholly owned trading subsidiary company IChemE Ltd which is incorporated in the United Kingdom. These are the only shares allotted, called up and fully paid.

A new private limited company was established in Malaysia in October 2020, IChemE Malaysia Sdn Bhd. The Institution holds 100 shares of MYR 1 each in the wholly owned subsidiary.

The activities and results of these companies are summarised in note 2.

11 Debtors

	Group		Charity	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade debtors	339	367	294	263
Amount due from subsidiaries	-	-	213	351
Other debtors	4	8	3	4
Prepayments and accrued income	881	826	858	779
	<hr/>	<hr/>	<hr/>	<hr/>
	1,224	1,201	1,368	1,397
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

12 Creditors: amounts falling due within one year

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Trade creditors	398	384	395	367
Amounts due to subsidiaries	-	-	-	10
Other creditors	373	292	362	292
Taxation and social security	250	199	244	185
Accruals	494	412	472	392
Deferred income	1,820	1,400	1,805	1,354
	<u>3,335</u>	<u>2,687</u>	<u>3,278</u>	<u>2,600</u>

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

13 Commitments

Total future commitments under non-cancellable operating leases are as follows:

Group	2023		2022	
	Land and buildings £000	Other £000	Land and Buildings £000	Other £000
Amounts falling due:				
In less than one year	38	6	38	7
In the second to fifth years inclusive	-	6	-	1
Over five years	-	-	-	-
	<u>38</u>	<u>12</u>	<u>38</u>	<u>8</u>

Charity	2023		2022	
	Land and buildings £000	Other £000	Land and Buildings £000	Other £000
Amounts falling due:				
In less than one year	34	6	34	7
In the second to fifth years inclusive	-	6	-	1
Over five years	-	-	-	-
	<u>34</u>	<u>12</u>	<u>34</u>	<u>8</u>

A first charge of £500,000 was placed on the freehold premises at Rugby in favour of the Defined Benefit Pension Scheme in March 2017.

14 Analysis of movements in restricted funds

Group and Charity	International Process Safety Group (IPSG) £000	Medals & Awards (MM Sharma / SIESO) £000	Andrew Legacy Fund £000	Sustainability Hub £000	Total £000
At 1 January 2023	39	36	883	111	1,069
Income	20	-	-	-	20
Expenditure	(27)	(1)	(95)	(35)	(158)
At 31 December 2023	32	35	788	76	931

The IPSG funds relates to an industry funded technical centre which is administered in accordance with its Statute.

The MM Sharma Medal was created following a donation of £13,000 from the JB Joshi Foundation in 2018. An award of £1,000 is made to the winner(s) of the medal for excellence in the field of chemical engineering. The donation will also be used to fund IChemE's administration expenses for the medal of up to £250 a year.

The SIESO Medal was launched in 2019 following a bequest of £29,500 from SIESO (a society that Shared Information and Experience for Safer Operation) which ceased operations in 2018. The medal seeks to raise awareness of process safety among science, business, and engineering students. It consists of an award of £750 and up to £250 in travel allowance to attend the presentation.

The Andrew Legacy Fund seeks to hold a medal lecture on the theme of 'The Science of Formulation of Heterogeneous Catalysts' and to support academic research in enhancing the science of formulation of heterogeneous catalysts. The medal and lecture are normally awarded every three years. The Institution has also set up the Andrew Fellowship which funds up to two early career researchers a year to undertake research in the field of Heterogeneous Catalysts. The Fellowship consists of a stipend of £10,000 a year plus £5,000 a year in expenses for a period of up to four years. Additionally, in 2020 the Institution agreed to fund the 'Sydney Andrew PhD Scholarship in Multiscale Catalysis Research' run by the University of Bath. Funding for the Scholarship has been agreed at £25,300 a year for the period 2020-2024. In 2022, the Fund paid for up to 20 PhD, EngD or MSc students to attend the week-long summer school Catalysis: Fundamental and Practice about the fundamentals of heterogenous catalysis. The summer school is organised by, and held at, the University of Liverpool's Department of Chemistry every two years.

In March 2021, the Institution received a donation of £200,000 to be used for the development of sustainability knowledge for chemical engineers. A programme of work began in May 2021 to create the Sustainability Hub, with a vision to create and deliver a sustainability knowledge resource. The Sustainability Hub was formally launched in February 2022, and additional training and content was developed throughout the year.

15 Analysis of movements in unrestricted designated funds

Group and Charity	Future Institution Transformation Programme £000	Total £000
At 1 January 2023	350	350
Expenditure	-	-
Transfer between funds	-	-
At 31 December 2023	350	350

15 Analysis of movements in unrestricted designated funds (continued)

In January 2022, the Board of Trustees agreed to designate £350,000 to future IT platform and business application enhancements following the replacement of all core operating systems during the period 2020-2021. It is anticipated that this funding will be put towards improvements to the membership database and website interface in 2024, improving the experience for the Institution's members and volunteers.

16 Related party transactions

During the year recharges have been made between the charity and its subsidiary undertakings. These relate to direct costs and staff costs incurred by one party on behalf of the other. The net amount recharged was:

	Net amount recharged from / (to) the charity in the year		Balance outstanding at year end included in debtors / (creditors) for the charity	
	2023 £000	2022 £000	2023 £000	2022 £000
IChemE Ltd	(186)	192	113	299
IChemE in Malaysia	-	-	-	-
IChemE in New Zealand	69	(11)	36	(33)
IChemE Malaysia Sdn Bhd	21	15	64	43
	<u>(96)</u>	<u>196</u>	<u>213</u>	<u>309</u>

IChemE Ltd gift aids its operating profit to the charity and the balance of £71,000 (2022: £122,000) is included in debtors for the charity at year end.

17 Analysis of group and charity net assets between funds

Fund balances at 31 December 2023 are represented by:

Group	Unrestricted funds £000	Restricted Funds £000	Total £000
Tangible fixed assets	608	-	608
Investments	6,385	-	6,385
Pension scheme funding deficit	(2,992)	-	(2,992)
Net current assets	1,578	931	2,509
	<u>5,579</u>	<u>931</u>	<u>6,510</u>
Total net assets	<u>5,579</u>	<u>931</u>	<u>6,510</u>

Charity	Unrestricted funds £000	Restricted Funds £000	Total £000
Tangible fixed assets	608	-	608
Investments	6,385	-	6,385
Pension scheme funding deficit	(2,992)	-	(2,992)
Net current assets	1,529	931	2,460
	<u>5,530</u>	<u>931</u>	<u>6,461</u>
Total net assets	<u>5,530</u>	<u>931</u>	<u>6,461</u>

18 Reconciliation of net movement in funds to net cash flow from operating activities

Group	2023	2022
	£000	£000
Net income / (expenditure)	968	(171)
Adjustments for:		
Depreciation on tangible fixed assets	78	77
(Gains)/losses on investments	(39)	367
Dividends and interest from investments	(68)	(64)
Investment management fees	41	56
Difference between pension charge and cash contribution	(222)	(237)
(Increase) in debtors	(23)	(328)
Increase in creditors	648	190
Exchange (losses)/gains arising from retranslation of foreign branches & subsidiaries	(44)	114
Change in cash and cash equivalents due to exchange rate movements	75	(78)
	<hr/>	<hr/>
Net cash provided by / (used in) operating activities	1,414	(74)
	<hr/> <hr/>	<hr/> <hr/>
Charity	2023	2022
	£000	£000
Net income / (expenditure)	1,018	(104)
Adjustments for:		
Depreciation on tangible fixed assets	78	77
(Gains)/losses on investments	(39)	367
Dividends and interest from investments	(68)	(64)
Investment management fees	41	56
Difference between pension charge and cash contribution	(222)	(237)
Decrease/(increase) in debtors	29	(505)
Increase in creditors	678	186
Exchange (losses) / gains arising from retranslation of foreign branches & subsidiaries	(39)	108
Change in cash and cash equivalents due to exchange rate movements	35	(38)
	<hr/>	<hr/>
Net cash provided by / (used in) operating activities	1,511	(154)
	<hr/> <hr/>	<hr/> <hr/>

19 Analysis of changes in net debt

Group	At start of year	Cash flows	Foreign exchange movements	At end of year
	£000	£000	£000	£000
Cash	3,320	1,375	(75)	4,620
	<hr/>	<hr/>	<hr/>	<hr/>
Total	3,320	1,375	(75)	4,620
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Charity	At start of year	Cashflows	Foreign exchange movements	At end of year
	£000	£000	£000	£000
Cash	2,933	1,472	(35)	4,370
	<hr/>	<hr/>	<hr/>	<hr/>
Total	2,933	1,472	(35)	4,370
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

20 Pension scheme

Defined contribution scheme

The Institution's Defined Contribution Pension Scheme for UK based staff was established in April 2006 following the closure of the Defined Benefit Scheme. The assets of the Scheme are held separately from those of the charity and from January 2021 were administered by The People's Partnership (formerly The People's Pension), provided by B&CE. The Institution pays one and a half times the percentage that the employee contributes up to a maximum of 12%. The total pension cost charge to the Institution, representing contributions payable to the fund amounted to £356,000 (2022: £258,000).

The total pension cost for the staff of the branch in Australia, which is paid under the superannuation scheme at 11% of base salary, was £38,000 (2022: £36,000).

Pension costs relating to the employees of the Institution's subsidiaries IChemE in Malaysia and IChemE in New Zealand amounted to £5,000 (2022: £6,000).

Defined benefit scheme

The Institution operates a defined benefit pension arrangement called the Institution of Chemical Engineers Pension Scheme. The Scheme provides benefits based on salary and length of service on retirement, leaving service or death. In 2006, the Scheme was closed to new members, future service accruals and salary revaluations were limited with effect from 5 April 2006.

The scheme is funded with the assets being held by the pension scheme's trustees separately from the assets of the Institution.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least every three years to determine whether the Statutory Funding Objective is met. As part of the process, the Institution and the trustees of the Scheme must agree the contributions to be paid to address any shortfall against the Statutory Funding Objective.

The most recent triennial valuation of the Scheme as at 31 December 2020 was carried out during 2021. The results of that valuation showed that the deficit in the Scheme had increased from £4.89m to £5.26m. In order to address the deficit, a new Recovery Plan was agreed for the Institution to pay an annual contribution level of £320,000 a year, increasing in line with CPI, from 1 February 2022 to 31 July 2032.

The results of the valuation are updated by an independent qualified actuary on an annual basis allowing for cashflows in and out of the Scheme and for changes to assumptions over that period.

The Institution has also provided additional security to the Scheme by way of a charge of £500,000 on the freehold property in Rugby. The security agreement to put the charge in place was submitted to the Land Registry in March 2017.

Administrative and other expenses of the Scheme are payable separately by the Institution.

The principal assumptions used to calculate Scheme liabilities include:

	2023 %	2022 %
Discount rate	4.45% pa	4.70% pa
Inflation (RPI)	3.30% pa	3.40% pa
Inflation (CPI)	2.90% pa	3.00% pa
Pension increase (LP15)	2.80% pa	2.90% pa
Post-retirement mortality	90% of 'S3NA' tables with CMI 2020 projections and a long-term rate of improvement of 1.25% pa. The initial addition is 0.25% p.a. and the 2020 weight parameter is 0%	90% of 'S3NA' tables with CMI 2020 projections and a long-term rate of improvement of 1.25% pa. The initial addition is 0.25% p.a. and the 2020 weight parameter is 0%
Commutation	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

20 Pension scheme (continued)

The major categories of assets are as follows:

Asset category	2023	2022
	£000	£000
Liability Driven Investment (LDI)	3,726	3,470
Multi-asset Funds	3,315	3,562
Deposit and Treasury	364	-
Cash	63	34
	<hr/>	<hr/>
Total	7,468	7,066
	<hr/> <hr/>	<hr/> <hr/>

Amounts recognised in the balance sheet:

	2023	2022
	£000	£000
Fair value of assets	7,468	7,066
Present value of funded obligations	(10,460)	(9,987)
	<hr/>	<hr/>
(Deficit) in scheme	(2,992)	(2,921)
	<hr/> <hr/>	<hr/> <hr/>

Amounts recognised in the statement of financial activities over the year:

	2023	2022
	£000	£000
Interest on liabilities	460	270
Interest on assets	(331)	(191)
	<hr/>	<hr/>
Total	129	79
	<hr/> <hr/>	<hr/> <hr/>

Remeasurements over the year:

	2023	2022
	£000	£000
(Gain) / loss on assets in excess of interest	(114)	3,643
Experience losses / (gains) on liabilities	187	459
Losses / (gains) from changes to financial assumptions	220	(5,468)
	<hr/>	<hr/>
Total	293	(1,366)
	<hr/> <hr/>	<hr/> <hr/>

20 Pension scheme (continued)

The change in the value of the assets over the period was:

	2023	2022
	£000	£000
Fair value of assets at beginning of period	7,066	10,694
Interest on assets	331	191
Institution contributions	351	316
Benefits paid	(394)	(492)
Return on assets less interest	114	(3,643)
	<hr/>	<hr/>
Value of assets at end of period	7,468	7,066
	<hr/> <hr/>	<hr/> <hr/>

The actual return on assets over the period was £445,000.

The change in the value of the defined benefit liabilities over the period was:

	2023	2022
	£000	£000
Value of liabilities at beginning of the period	9,987	15,218
Interest on liabilities	460	270
Benefits paid	(394)	(492)
Experience loss / (gain) on liabilities	187	459
Changes to financial assumptions	220	(5,468)
	<hr/>	<hr/>
Value of liabilities at end of the period	10,460	9,987
	<hr/> <hr/>	<hr/> <hr/>

	2023	2022
	£000	£000
Actuarial (losses) / gains	(293)	1,366
	<hr/> <hr/>	<hr/> <hr/>

The annual contribution level for the period 1 February 2023 to 31 January 2024 was £354,000. This will be increased by CPI inflation of 4.0% in line with the Recovery Plan to £368,000 for the period 1 February 2024 to 31 January 2025.