REGISTERED CHARITY NO. 286142

THE ENGINEERING COUNCIL UK

TRUSTEES' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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A note on terminology

During 2009 the Trustees of the Engineering Council UK resolved to revert to the original charter name of "the Engineering Council" for day to day correspondence and publications (see page 6). The Trustees of the Engineering and Technology Board subsequently adopted a business name of Engineering UK for their company. Throughout this Report the names Engineering Council UK (EC^{UK}) and Engineering and Technology Board (ETB) are used, as these are the registered names of the two organisations.

THE ENGINEERING COUNCIL UK

TRUSTEES' ANNUAL REPORT – SUMMARY

FOR THE YEAR ENDED 31 DECEMBER 2009

1. The Engineering Council was incorporated by Royal Charter on 27 November 1981 and is a registered charity (charity registration number 286142). The address of the principal and registered office is 246 High Holborn, London, WC1V 7EX. The Engineering Council UK, also known as EC[UK], was established in March 2002 in direct succession to the Engineering Council. It has responsibility for the national register of over 230,000 Chartered Engineers, Incorporated Engineers and Engineering Technicians.

2. Trustees of the Engineering Council UK during the year are listed on page 2.

3. A statement of the Trustees' responsibilities relating to accounting matters is given on page 16. The members of the Board are deemed to be the Trustees.

4. The method of selection of Board members is as laid down in the Council's Bye-Laws approved by the Privy Council.

5. The principal professional advisers to the Council are listed on page 3.

6. The Council is obliged to act only within the purposes set out in its Royal Charter.

7. The investment of surplus monies is governed by Article 27 of the Charter.

8. Details of the Council's aims, objectives and activities are dealt with on pages 6-15.

9. As required under the Charity Commission's revised Statement of Recommended Practice (SORP 2005) for the preparation of the Annual Trustees' Report and Accounts, an exercise has been undertaken to identify the major risks facing the Council, and steps taken to mitigate them.

MEMBERS OF THE BOARD AND TRUSTEES OF ENGINEERING COUNCIL UK

			Changes in 2009	
	Nominating Body	**Nominated Representative**	**Last mtg**	**First mtg**
1	British Computer Society	Andrew McGettrick		Mar-09
2	Chartered Institution of Building Services Engineers	Mr Bryan Franklin	May-09	
	Chartered Institution of Building Services Engineers	Mr David Hughes		Sep-09
3	Institution of Chemical Engineers	Professor David Bogle		
4	Institution of Civil Engineers	Mr Peter Hansford	May-09	
	Institution of Civil Engineers	Mr William Kemp		Sep-09
5	Institution of Engineering & Technology	Professor Kel Fidler **(Chairman)**		
6	Institution of Engineering & Technology	Ms Michelle Richmond		
7	Institution of Marine Engineering, Science and Technology	Mr David Long	May-09	
	Institution of Marine Engineering, Science and Technology	Rear Admiral Nigel Guild **(Vice-Chairman)***		May-09
8	Institute of Materials, Minerals and Mining	Eur Ing Dr Graham Woodrow		
9	Institution of Mechanical Engineers	Prof Tony Unsworth		
10	Royal Aeronautical Society	AVM David Couzens		
11	Society of Operations Engineers	Mr Roger O'Loughlin		
12	Institution of Structural Engineers	Professor David Cleland		
13	Group B	Mr Simon Bennett		
14	Group B	Mr Chris Boocock		
15	Group C	Mr Colin Porter		
16	ETB	Professor Isobel Pollock		
17	ETB	Rear Admiral Nigel Guild **(Vice-Chairman)***	May-09	
	ETB	Mr Christopher Finlayson		Dec-09
18	ETB	Ms Dawn Ohlson		
19	ETB	Mr George O'Neill		
20	ETB	Mr Pat McMullan		
21	ETB	Mr Paul Spicer	Mar-09	
	ETB	Mr Paul Jackson		May-09
22	ETB	Mr Stephen Timms	Dec-09	

*Nominated by ETB to May-09, subsequently nomination by IMarEST

SENIOR STAFF

Chief Executive Officer
A Ramsay CEng

Deputy Chief Executive Officer
& Director of Formation
R Shearman

Director of Quality Assurance
Dr A Bodimeade CEng

Director of Registration, Finance & IT
C Simpson ACIS

HR & Administration Manager
G Paterson

Marketing & Communications Director
S Brough

PROFESSIONAL ADVISERS

PENSION ADMINISTRATORS
Heath Lambert Consulting Limited
Boundary House
4 Country Place
Chelmsford
Essex
CM2 0RP

ACTUARIES
Heath Lambert Consulting Limited
175 Kings Road
Reading
RG1 4EY

AUDITORS
Saffery Champness
Lion House
Red Lion Street
London
WC1R 4GB

FINANCIAL CONSULTANTS
Goldwyns Limited
Chartered Accountants
Rutland House
90-92 Baxter Avenue
Southend-on-Sea
SS2 6HZ

BANKERS
HSBC Bank plc
165 Fleet Street
London
EC4A 2DY

INVESTMENT MANAGERS
HSBC Investment Management
78 St James's Street
London
SW1A 1HL

SOLICITORS
Wedlake Bell
52 Bedford Row
London
WC1R 9HF

EMPLOYMENT LAW ADVICE
mhl Support plc
Brunswick Court
Brunswick Street
Newcastle Under Lyme
Staffordshire
ST5 1HH

PENSION and LIFE INSURANCE
Origen Financial Services Limited
40-43 Chancery Lane
London
WC2A 1JA

INSURANCE BROKERS
Aon Consulting Limited
Briarcliff House
Kingsmead
Farnborough
GU14 7TE

CORPORATE MISSION

The mission of the Engineering Council UK is:

To maintain internationally recognised standards of competence and commitment for the engineering profession, and to license competent institutions to champion the standards.

STRATEGIC AIMS

The Council's Strategic Aims are:

- To develop further the means to maintain the standards
- To encourage adoption of the standards, sharing of good practice and support for their objectives.
- To challenge traditional procedures and systems to procure straightforward application routes and efficient processing of applications.
- To take a wider role in marketing the benefits of registration, the role of the Engineering Council UK, and that of Licensed Member Institutions.
- To maintain and improve organisational efficiency

GOVERNANCE

The Engineering Council UK is governed by a 22 member Board of Trustees, who are appointed in accordance with the Engineering Council UK's Bye-Laws. 12 members being appointed by the major engineering institutions; three by the smaller institutions; and the remaining seven by the ETB.

Engineering institutions are licensed by the Engineering Council UK to assess candidates for registration with the Engineering Council UK. These licences are periodically reviewed through a quality assurance process. The composition of the Board provides stakeholder representation through institution-nominated members, and the involvement of the wider profession through the ETB nominees.

The Board appoints the Chief Executive Officer, who is in turn responsible for staffing within parameters established by the Board.

The Board operates through two Committees (Registration Standards Committee and Quality Assurance Committee) and three Panels (International Advisory Panel, Privy Council & Regulations Panel, and Finance, Audit and Remuneration Panel). The Chairs of all are selected from among the Board members.

The constitution and membership of the Board is published on the Engineering Council UK website (www.engc.org.uk). An Extranet is maintained, which is available to stakeholders, primarily the engineering institutions, Engineering Council UK Trustees, and volunteer members of the Engineering Council UK's Committee and Panels, as well as Engineering Council UK staff. The Terms of Reference of the Board Committees and Panels are published on the Extranet. Amongst other information published on the Extranet are Board Agendas, Minutes and Papers; and proceedings of the Board Committees and Panels.

Before taking office, all Trustees are formally inducted by the Chief Executive Officer. The induction process is based on the ICSA Best Practice Guide to the Appointment and Induction of Charity Trustees.

RELATED PARTIES

The ETB is a related party to the Engineering Council UK. Details of this relationship are given in note 18 to the Financial Statements.

ENGINEERING COUNCIL UK ANNUAL REVIEW 2009

SUMMARY OF KEY ACHIEVEMENTS

During 2009 the Engineering Council UK had achievements in the following key areas:

Developing: (Aim: To develop further the means to maintain the standards)

- Completely reviewed and updated the Regulations for UK-SPEC
- Created a new section of the register for ICT Technicians, and awarded the first licence
- Introduced dual accreditation, to encourage greater takeup of IEng registration, by clarifying the contribution of BEng degrees to registration status in CEng and IEng registration
- Further developed the Gateways Scheme to enable access to CEng and IEng registration, with additional universities and PEIs signing protocols
- Conducted research, supported by the Royal Commission for the Exhibition of 1851, which indicated employer support for development of a research-based stream for Gateways access to CEng registration
- Supported the creation and activities of a new Education for Engineering Programme
- Worked with the Royal Academy of Engineering on a wide review of engineering degree programmes

Sharing: (Aim: To encourage adoption of the standards, sharing of good practice and support for their objectives)

- Ran six workshops for PEIs covering professional review
- Launched a guide to sustainability principles for professional engineers
- Commenced work with the Gatsby Foundation and the Royal Academy of Engineering to respond to a Government call to enable better promotion of a technician class in the economy
- Worked with the International Engineering Alliance and the ENAEE to encourage adoption of common systems for recognising and accrediting engineering degrees
- Presentation to SEFI – which was shortlisted as one of the best papers at the conference
- Made well-received submissions to Select Committees and No 10's Fair Access to the Professions Panel
- Enrolled the Institute of Nanotechnology as our 20th Professional Affiliate society
- Welcomed the application for a licence to award Engineering Technician status from IChemE, awarding the licence in the autumn (bringing the number of EngTech licensed PEIs to 35)

Challenging: (Aim: To challenge traditional procedures and systems to procure straightforward application routes and efficient processing of applications)

- Ran a conference reviewing the processes of accreditation
- Ran a workshop to review opportunities to simplify the assessment and accreditation of initial professional development
- Addressed trustees of various PEIs on how they could use the UK-SPEC standard more flexibly
- Worked with the Migration Advisory Committee and NARIC to encourage them to give due weight to academic and professional awards already recognised by the Engineering Council UK.
- Worked with major PEIs to develop a simplified process to handle applications from senior engineers at BAE Systems

Marketing: (Aim: To take a wider role in marketing the benefits of registration, the role of the Engineering Council UK, and that of Licensed Member Institutions)

- Created a Marketing Directorate
- Rebranded Engineering Council UK as Engineering Council to reflect global nature of the Council's work, creating materials and images to support this
- Ran an advertising campaign to promote registration which resulted in over 3,000 additional applications
- Developed toolkits and best practice guidance for PEIs to encourage registration
- Introduced brand management meetings, and trustee talks to encourage better marketing of registration by PEIs
- Ran a Mystery Shopping campaign to provide evidence for improving application handling

Optimising: (Aim: Maintain and improve organisational efficiency)

- Conducted two reviews of staff performance and objectives
- Conducted six self-assessments of different functions
- Introduced a Board Skills Audit
- Successfully achieved reaccreditation to ISO 9002
- Installed Exchange 2007 and Office 2007
- Introduced batch submission of registration details by PEIs
- Completed the first phase of the secure electronic application function project, as a PEI-funded project
- Commenced a project to introduce Sharepoint 2007
- Renewed lease on 246 High Holborn at reduced rental

Report of the Board of the Engineering Council UK

The Board met on four occasions in 2009, including a two-day Retreat held at Thales Crawley, and an AGM in May. Many Board Members also served on the Board Committees, whose work is reported separately.

Volunteer Effort

Volunteer effort, through its Board, committees, panels and working groups, continues to be crucial to the work of the Engineering Council UK. A conservative estimate gives the total resource given to the Engineering Council UK throughout the year as approximately 1,200 days. Given the standing of those involved, the financial equivalent would be in the order of £600,000. These figures have not significantly changed in the last year.

Two seminars for volunteers were held during the year. These again were very successful networking opportunities identifying current issues, updating volunteers on future plans and exchanging good practice. The seminars involved over 60 volunteers.

Marketing Registration

Building on the promotional work initiated during 2008, the programme to improve the promotion of registration to students and graduates in higher and further education has continued, under the direction of the steering group chaired by Nigel Guild. A Communications Manager was appointed at the beginning of 2009, who undertook various additional marketing activities, including a successful advertising/direct marketing campaign known internally as 'Registration in the Recession'. This resulted in 4,600 registration enquiries being sent to the institution's membership departments. The third mystery shopping project was carried out, with 16 institutions taking part. During the September board retreat it was agreed that the organisation's international reach and the significant overseas membership were important to employers working in an increasingly globalised economy. The decision was therefore made to drop the 'UK' in everyday communications (and also stop using EC^{UK}). A rebranding exercise took place to coincide with the relaunch of the updated Engineering Council UK website. Other marketing activities included a communications review and the introduction of marketing workshops, which bring together institution employees involved in the marketing of registration.

Report of the Registration Standards Committee

Registration Standards Committee (RSC) met three times in 2009 under the chairmanship of Mr George O'Neill. A major element of its work was a review of the Regulations for Registration, following the revision of UK-SPEC in late 2008. This involved consultation with all Licensed Members; the revised Regulations were approved by the Board in November. Although a number of changes have been made, these are minor in character and intended to respond to external developments. The principal change is that the exemplifying qualifications for Engineering Technician have been completely restated following significant changes to national qualifications frameworks and to the structure of individual qualifications. Licensed Members will be able to approve qualifications and programmes following principles which are now set out in the Regulations; the Engineering Council UK has developed a database of approved EngTech and ICTTech qualifications and programmes and it is planned to make this available for public consultation during 2010. The change does not impose any new requirements on would-be registrants. Other changes include clarifying the obligation on Licensed Members to visit all relevant partners when considering academic programmes for accreditation, and recognising that Bachelors degrees which have been accredited as partly meeting the academic requirements for CEng registration may also be recognised as fully meeting the requirements for IEng registration. The latter change had also been agreed by the International Advisory Panel and will allow holders of such degrees to benefit from the Sydney Accord. There was also some amendment to the

regulations dealing with the assessment of individual applicants, to clarify the role which experiential learning may play in developing such individuals' knowledge and understanding.

The latter issue is the subject of further consideration by a working group established during the year by RSC, jointly with the QAC. This will be producing guidance on the assessment of applicants without the exemplifying qualifications, and especially how the totality of individuals' experience can be taken into account. The group will report in the first half of 2010. During the year RSC agreed guidance notes on Engineering Technician Registration, ICT Technician Registration, and the Professional Review Interview.

The committee considered issues arising from current arrangements for accreditation of initial professional development (IPD) programmes. Following a meeting of representatives of employers and licensed members in May, the committee agreed that, while it was not necessary to establish a counterpart of the Engineering Accreditation Board (EAB) for IPD accreditation, the Engineering Council UK should try to encourage common approaches by licensed members, perhaps building on the work of the Professional Development Partnership (PDP) which brings together three licensed members. Discussions with PDP members are continuing.

The committee also received reports on the latest developments in the Bologna Process, the European Qualifications Framework, the Qualifications and Credit Framework, and Apprenticeships. Concerns about the standing and recognition of UK Masters degrees appear to have been stilled following the self-certification by the Quality Assurance Agency of the Framework for Higher Education Qualifications against the European HE Qualifications Framework, and the publication of a new guide to the European Credit Transfer System; however, the situation continues to be monitored by the Engineering Council UK.

The committee continued to receive reports on the MSc in Professional Engineering and other work-based learning developments. An evaluation of the MSc project so far is being carried out and it is anticipated that this will provide valuable information. During the year research was commissioned, with support from the Royal Commission for the Exhibition of 1851, into potential support from employers for a research-oriented variant of the programme. Twenty-six companies responded to the survey and a number of these attended a meeting to discuss the findings, which were encouraging.

The committee also received regular reports from the Engineering Accreditation Board. In October an extremely successful Engineering Council UK conference on the accreditation of academic programmes was held, with speakers from academia, professional bodies and industry, and also from another profession (the General Medical Council) and from Europe.

Discussions continued with City and Guilds about the future of the Engineering Council examination after the current contract for its administration expires in 2011. It was agreed that the examination will cease to be offered then (apart from a single re-sit opportunity in 2012).

Report of the Quality Assurance Committee

The primary role of the Quality Assurance Committee (QAC) remains to award appropriate licences to engineering institutions which are considered competent to assess candidates for registration and evaluate academic courses and professional development schemes for accreditation, against UK-SPEC.

QAC also continues to encourage and support co-operation with, and between, Institutions in order to improve efficiency and effectiveness of the Registration and Accreditation processes.

QAC met four times in 2009 under the Chairmanship of Isobel Pollock. Isobel has been Chairman for 3 years and agreed to continue for a second term of 3 years. John Barrett was confirmed as the Vice Chairman. Attendance has averaged 75%. Three new members have joined and three have retired after serving the full 6 years. At present there are 18 members on the Committee compared with 16 at the end of 2008. Current membership is drawn from 15 Institutions, including 7 Group A Institutions (i.e. those with greater than 5,000 registrants).

Five year licence renewals have been conducted at eight institutions. Interim review visits have been conducted at a further ten institutions. Other licences have been renewed at two institutions and new licences have been approved.

In collaboration with RSC (Registration Standards Committee), SAP (Specially Authorised Processes) approvals have been granted to three institutions.

Three Professional Affiliates have been re-approved and one new one added to make the total 19. Efforts are continuing to increase this number further.

In addition to licence review visits an increasing number of staff visits have taken place. These have involved observing interviews, accreditation visits, training sessions, committee meetings, as well as informal meetings to discuss progress on specific issues.

A series of workshops run by Engineering Council UK continue to contribute to the effective exchange of good practice between institutions on a range of licence related issues. They have involved over 150 staff and members.

Particular issues discussed at QAC apart from those directly linked to licensing, have included: establishing a Consistency Panel (Chairman sits on QAC); monitoring the development of remote PRIs; and an improved route to registration for members of Professional Affiliates.

Four licence reviews have been conducted jointly with either the Science Council or the Society for the Environment. The number is set to increase. A planning meeting is now held quarterly between the three organisations. The Science Council has a permanent observer (the deputy registrar) on QAC.

The Engineering Council UK licensing and QA functions continue to be supported by four full time staff.

Report of the Privy Council and Regulations Panel

The role of the Privy Council and Regulations Panel (PCR) is, primarily, to advise the Board on responses to requests for advice from the Privy Council on matters concerning the constitution of Institutions relevant to engineering and technology.

The Panel met twice in 2009. The Terms of Reference were reviewed and the changes approved by the Board. Chris Boocock took over as Chairman from Bryan Franklin, who retired from the Board. The Panel currently comprises three Board members plus Philip Corp (the immediate past Chairman of the Panel and a past member of the Board) and Keith Lawrey from the Foundation for Science and Technology (Learned Societies' Liaison Officer).

The majority of the Panel's work is conducted electronically involving commenting on amendments to Charters and Bye-laws or, in the case of non-Chartered bodies, Memoranda and Articles of Association. During 2009 the Privy Council requested the Engineering Council UK comments on proposed amendments submitted by ten licensed members.

Liaison with the Privy Council has been maintained and the relationship continues to be good.

Two major related topics were addressed by the Panel during the year;

- Disciplinary Guidelines – first issued in March 2008 these were reviewed in the light of feedback from institutions and reissued
- The Use of Professional Titles – this continues to cause some concern and a paper was presented to the Board for discussion during the year.

Report of the International Advisory Panel

The International Advisory Panel advises the Board on international issues and its members represent the UK on a number of international committees and organisations. The Engineering Council UK provides advice to incoming and outgoing engineers (and supports registrants where difficulties are encountered), regulators, government departments and employers on mobility and equivalence issues and also provides advice to institution staff. Information, advice and links to related sites are provided on the international section of the Engineering Council UK website.

Engineering Council UK continues to liaise with the UK Mobility Directive Coordinator, UK SOLVIT and the Directive section at UK-NARIC to ensure beneficial and consistent implementation of the Recognition of Professional Qualifications Directive. The Commission has appointed a new civil servant to head its Directive Unit and the Engineering Council UK was one of a number of UK regulators which have had a briefing meeting with him. The Chairman of the European Parliament Committee under which the Directive falls is a Chartered Engineer and Engineering Council UK maintains contact with him. These contacts are especially important now as preparation for a review of the Directive will commence in 2010. The Migration Advisory Committee has consulted the Engineering Council UK over shortage occupations and the operation of the Points Based System of migration control. This resulted in recommendations that the UK Border Agency consider allocating "migration points" to professional titles. The UK Border Agency has indicated that it will give serious consideration to this proposal and this will be followed up in 2010.

The Engineering Council UK has been active within FEANI and the organisation is currently in good financial and political shape. Its Secretary General will retire in 2010 and finding a successor is underway. It will be imperative to find the right person in order to build on the good work of the past ten years. The professional card (EngCard) working group, under UK chairmanship, has set validation criteria which are sufficiently rigorous (should this concept ever become a reality) and the next, implementation procedures, stage has, in essence, been outsourced to a few countries who claim to be especially interested in taking it forward. This means that there is no FEANI prior commitment and any FEANI implementation would have to get General Assembly approval and hence could be influenced by UK lobbying.

Although continuing to support the ENAEE and its Europe-wide system of recognition of national accreditation, the Engineering Council UK has, through its representatives, expressed concern over some of its operations and the consistency of some of its decision making. The situation will be kept under close review in 2010. By the end of 2009 three UK universities have purchased EUR-ACE labels for a total of 28 accredited programmes. As part of ENAEE the UK provided an expert for the first stage (the setting of engineering programme criteria) of a UNESCO funded project aimed at globally benchmarking universities. Setting aside whether the aim of the whole project is desirable or feasible it was felt important the criteria adopted should be compatible with those already agreed by ENAEE and by the International Engineering Alliance. This was successfully achieved.

At the 2009 International Engineering Alliance Meeting there was unanimous agreement to raise the criteria for Washington Accord recognised degrees (effectively to the equivalent of a UK CEng accredited qualification). This met the objective set by Engineering Council UK although there will now be work to do to ensure that the change is properly implemented. This change makes the WA criteria even more aligned with EUR-ACE second cycle descriptors and a joint working group has been set up to look at achieving consistency between the two systems. Following the IEA Meeting Singapore has announced that it has revised its Engineers Act so that all qualifications which come under the WA will be recognised for Singapore engineer licensure – this means that many more UK degrees will be recognised than was previously the case. The Engineering Council UK decision to give dual IEng/part-CEng accreditation to bachelor degrees has had an immediate benefit. Australia, the main receptor country, has accepted the change without question and is giving migration assessment exemption to graduates who previously did not qualify.

Report of the Finance, Audit and Remuneration Panel

The Finance, Audit and Remuneration Panel (FARP) was chaired throughout 2009 by Rear Admiral Nigel Guild. FARP met on four occasions, and discussed other issues by correspondence and telephone as they arose, ratifying decisions formally where necessary.

The Engineering Council UK budget for 2009 was determined by the Finance, Audit and Remuneration Panel (FARP) and approved at the June 2008 meeting of the Board. The budget was developed and applied to the four areas of activity described in the reports above, as well as being applied to the operational and governance costs of the organisation. A detailed breakdown of expenditure appears in notes 7-12 to the Financial Statements. Regular scrutiny of costs was undertaken to ensure that the work of the Engineering Council UK was as cost-effective as possible.

The Engineering Council UK continued to administer in-house the payroll function. All other accounting functions and pensions administration continued to be outsourced. As part of the Engineering Council UK's commitment to good practice, during the second half of the year the Engineering Council UK reviewed its accountancy and bookkeeping arrangements and, having followed a formal tender process, the December Board meeting resolved to replace Goldwyns as its accountants and appointed Reeves & Neylan. The appointment was to commence at the start of the 2010 financial period.

The inclusion of the Engineering Council Pension Scheme under FRS17 has reduced staff costs by £201,000 (2008 - £111,000), reduced other incoming resources by £51,000 (2008 increase of £25,000) and resulted in an actuarial loss of the scheme of £1,711,000 (2008 – gain of £770,000). The overall effect of applying FRS 17 is thus to increase Net Incoming Resources by £150,000 (2008: £136,000) and to reduce the Net movement in funds by £1,561,000 (2008: increase of £906,000).

Investments

Market volatility during 2008 meant that the value of the Engineering Council UK's investment fund had decreased. As a result FARP made the investment fund a standing item on each agenda. A presentation was given by the investment managers at its April meeting and regular contact was maintained with the investment managers by staff. FARP considered the balance of risk against return, with the ability to access the funds in the event that there is such a requirement and confirmed that it was content with the investment approach, but due to recent performance would carry out a full investment review in the coming year.

Lease
The lease on the Engineering Council UK's office expires on 23 March 2010. The FARP was kept informed of developments in negotiations and discussed the matter in detail throughout the year. A ten year lease with a five year break clause was negotiated at reduced rental.

Further progress was made in reconciling the Register to the databases of individual institutions, which is necessary to ensure that the correct fees are remitted from the institutions and that records of registrants are up to date. During the year, electronic reconciliation covered 96.5% of all registrants.

A budget for 2010, requiring a grant from ETB of £2,362,109, was agreed by the Board at its June meeting and approved by the ETB Board. The Engineering Council UK's principal source of funding is the annual registration fees of individual registered engineers and technicians collected by the licensed professional engineering institutions and remitted to ETB, from which a grant is made to the Engineering Council UK.

Engineering Council Pension Scheme

The Trustees of the Engineering Council Pension Scheme met three times during 2009. A comprehensive revision of the Trust Deed was finalised to reflect changes to pension law, following consultation with the Engineering Council UK and ETB. The Principal funds were transferred to new brokers State Street, in response to a review of the performance and fee levels of the previous brokers.

An election was held to appoint Member-nominated Trustees. The Engineering Council UK, as the Principal Employer, continued to honour the Employer's Covenant agreed at the previous (December 2006) revaluation.

The Board of the Engineering Council UK nominated two new Trustees, Pat McMullan and Simon Bennett, to replace retiring Trustees.

Risk assessment

The Trustees assessed the major risks to which the Engineering Council UK was exposed in accordance with SORP 2005, in particular those related to operations and finances, and are satisfied that systems are in place to mitigate the Engineering Council UK's exposure to major risks.

Reserves policy

Following review in November 2008, the reserves held were critically examined to ensure they adequately matched the Engineering Council UK's current and future needs. The major issues raised during this examination are summarised below:

General fund - The general fund is a reserve used for the long term development of the Engineering Council UK and also for unexpected events such as a possible significant drop in funding. To ensure the financial viability of the fund and its ability to meet its on-going commitments the Engineering Council UK intends to maintain, on average, sufficient reserves to cover six months' expenditure. The general fund as shown in the financial statements includes a deficit of £1,436,000 (2008 – surplus £125,000) reflecting a deficit on the Engineering Council Pension Scheme calculated under FRS17 in respect of the Council's share of this defined benefit scheme. Trustees believe that this notional funding calculation, which can vary considerably according to the assumptions made at each year end, has no material effect on the Council's cashflows in the short term, and that in the long term its effects are sustainable out of future income. Disregarding this deficit (2008 – surplus) for reserves policy purposes, the charity's general fund was £1,597,406 (2008 - £1,480,246), a figure not materially different from eight months' expenditure.

Designated fund - Legal Actions reserve - The Legal Actions fund is a reserve set aside to cover potential legal costs resulting from either proceedings concerning a registrant's conduct, or failure of the FEANI register, or proceedings concerning an examination candidate. The Trustees examined the likelihood of each of these three factors and calculated an expected value for the Legal Action fund of £100,000 (2008 - £100,000) that is the figure disclosed in note 20 to the financial statements. This will be held in the medium term as part of the Trustees' risk management strategy.

Investment Policy and Returns

The Trustees considered the most appropriate policy for investing funds and have found a mix of equity based trusts, gilts and cash holdings best met the Engineering Council UK's requirements for both income and capital growth. The Engineering Council UK's investment policy is based on low-risk easily liquidated

assets. The Engineering Council UK's assets have been invested in a fund offering a return profile which demonstrates low volatility and incremental gains. The fund managers are charged to invest the Engineering Council UK's assets as best determined. During the second half of 2009 the fund started to regain some of the losses incurred during the market volatility throughout 2008.

The Trustees agreed to continue the present investment fund, which allows the Engineering Council UK access to the assets invested in the event that such is required. It is confirmed that the investments held were acquired in accordance with powers available to the Trustees.

Subsidiary Company

The Engineering Council UK's trading subsidiary, Technical Qualifications Validation Limited, which ceased to trade at the end of 2007, was formally struck off by Companies House on 8 December 2009.

Public Benefit

The Board has taken careful note of the Charity Commission's guidance on public benefit. They commissioned and approved detailed assessments by the Privy Council & Regulations Panel of the public benefit of the Engineering Council UK against the Charity Commission principles, and of the Engineering Council UK's activities in conjunction with its Licensed Member institutions. These assessments (Tables 1 and 2) are shown below.

Table 1

Object: "To advance education in, and promote the science and practice of, engineering (including relevant technology) for the public benefit and thereby to promote industry and commerce in Our United Kingdom and elsewhere."

Mission: "To maintain internationally recognised standards of competence and commitment for the engineering profession, and to license competent institutions to champion the standards."

Vision: "That society has confidence and trust in the engineering profession."

This Table lists the principles of public benefit and their key factors as set out in the Charity Commission guidance published in January 2008 and assesses whether each factor is satisfied by the Engineering Council UK. Reference is made to the specific activities and benefits in Table 2.

Serial	Principle or factor	Assessment
1	***There must be an identifiable benefit or benefits***	Engineering underpins provision and/or distribution of the basic necessities of civilised life: buildings, energy, water and sanitation, food, transport, healthcare, communications, defence. The major public benefit is the professional regulation that the Engineering Council UK and its licensed member institutions exercise over their registrants and members when serving the general public.
1a	*It must be clear what the benefits are*	See specific public benefits in Table 2, serials 1-10.
1b	*The benefits must be related to the aims (i.e. objects)*	The object is pursued in conjunction with the Engineering Council UK's licensed member institutions through the core functions of registration and accreditation to consistent standards. The end result public benefits (1 above) are generated by qualified registrants and institution members working in private and public sector industries and services.
1c	*Benefits must be balanced against any detriment or harm*	While some engineering products or activities are potentially harmful, the professional code of conduct and professional education and training all emphasize safety, sustainability and concern for the environment. Benefits vastly outweigh detriment. Downside would be greater without professional ethical commitment. See Table 2 serial 2
2	***Benefit must be to the public, or to a section of the public***	Benefits of sound engineering are to the public generally, and, in varying degrees, to all mankind.
2a	*The beneficiaries must be appropriate to the aims*	Yes
2b	*Where benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted by:* • *Geographical or other restrictions;* • *Ability to pay any fees charged*	Individual registrants, totalling nearly 250,000, receive particular benefits in addition to the general public benefits at 2 above. Discussed at 2d below Registration is conditional on meeting academic and other standards of competence – an integral part of achieving the overall public benefit. Moreover, registration is voluntary, not a statutory 'licence to practise' Annual registration fees range from £14 for Engineering Technician to £28 for Chartered Engineer, reducible to £8 and £12 respectively for individual cases of hardship. See also Table 2, serial 11 In conclusion, members of the public wishing to become registrants are not unreasonably restricted on either count.
2c	*People in poverty must not be excluded from the opportunity to benefit*	Covered in 2 and 2b above
2d	*Any private benefits must be incidental*	The private benefits of registration directly contribute towards achieving the Engineering Councils's aims and are a necessary result of carrying out those aims. The CC's legal analysis underpinning its guidance quotes at para 3.84 a case – IRC v Forrest – relating to membership of one of the Engineering Council's licensed member institutions, which applies equally to registration.

Table 2

PUBLIC BENEFIT OF ENGINEERING COUNCIL UK, IN CONJUNCTION WITH ITS LICENSED MEMBER INSTITUTIONS

	Engineering Council UK activity	Institution activity	Effect	Public benefit
1	Set & maintain standards of professional competence: 3 categories: Engineering Technician, Incorporated Engineer, Chartered Engineer	Contribute to defining standards, in conjunction with industry and academia; promote standards	Coherent, relevant national standards, adopted by Quality Assurance Agency (QAA)	Defined learning progression for existing and prospective engineers, technicians and craftspersons; benefit to industry & commerce and thus to national economy
2	Define generic standards of professional conduct and ethics	Tailor standards to own field; require all members to observe standards in institution code of conduct. May provide advice facility to members	Members observe standards	Positive contribution to safety, sustainability, the environment, industrial effectiveness and public confidence
3	Require institutions to have complaints and disciplinary procedures; appellate body in defined circumstances	Produce and operate complaints and disciplinary procedures in support of (2)	Reported breaches of standards by members dealt with fairly and transparently	Public confidence in profession; a degree of redress for complainants
4	License institutions to register qualified individuals through defined procedures	Promote registration and institution membership; assess and register qualified individuals	Evidence of the professional competence and commitment of individual engineers and technicians	Assists employers and clients in recruiting or engaging individuals; public confidence
5	License institutions to accredit academic courses and approve professional development courses for engineers	Accredit and approve courses (often jointly)	Identifies courses leading to exemplifying qualifications for individual registration	Raises and maintains the quality of engineering education; helps to inform curriculum design and promote innovative methods of teaching; assists students in selecting courses and career options; encourages education in economically important fields; attracts foreign students to UK universities, enhancing the universities' reputation and financial position; supports industry in developing high quality programmes that support professional registration
6	License institutions to approve courses for technicians; host a technician working group to develop initiatives and share good practice	Approve National Vocational Qualifications (NVQs)	Links existing NVQs to Engineering Technician standard	Informs Sector Skills Councils of suitability of NVQs for registration; allows individuals with approved NVQs (in the context of an Advanced Apprenticeship) to register as Engineering Technicians via a streamlined route
7	State requirement for individual CPD (part of (2))	Facilitate and monitor members' CPD	Members maintain competence	Contributes to (2), (4) and (5)
8	Conduct periodic review of licensed institutions	Operate internal quality assurance procedures	Licence requirements and standards maintained and applied consistently	Underpins (2-6)
9	Represent UK in negotiating international agreements for mutual recognition of qualifications; advise government departments	Advise and support members; admit and register qualified individuals educated overseas; form alliances with overseas institutions	Increased employment and working mobility of engineers & technicians	UK firms can compete and operate more effectively overseas, to the benefit of UK economy; overseas recognition of and demand for UK professional recognition enhances reputation of UK; increased recognition of UK engineering qualifications provides greater encouragement for individuals to seek the knowledge and competence to achieve them
10	Train institution volunteers in registration and accreditation procedures (e.g. interviewing, mentoring, assessment)	Identify volunteers from among members; cascade training to further volunteers	Contributes to (4, 5, 8)	Contributes to (4, 5, 8)
11	Charge individual registration fees	Charge individual membership fees	Financial viability of bodies	All bodies charge reduced fees for some of: student members, young members, technician members, non-corporate (unqualified) members, members temporarily not working, retired members

ENGINEERING COUNCIL UK ANNUAL REVIEW 2009

STATISTICS AT YEAR END

Total number of Registrants

	2009	2008
Final Stage Registrants	230,973	234,397
Interim Registrants	12,410	13,191
Total	**243,383**	**247,588**

Breakdown of Final Stage Registrants

CEng	181,409	183,936
IEng	35,380	36,750
EngTech	14,163	13,711
ICTTech	21	-
Total	**230,973**	**234,397**

New Final Stage Registrants

CEng	3,750	3,439
IEng	547	498
EngTech	1,314	1,343
ICTTech	21	-
Total	**5,632**	**5,280**

Losses from the Register at Final Stage

Deaths	1,091	1,619
Other losses	9,914	11,512

Female Registrants

The number of female registrants rose to 8,343 from 8,062 in 2009; the largest growth was in Chartered Engineers to 7,699 from 7,445.

Overseas Final Stage Registrations

CEng	35,687	35,835
IEng	3,545	3,658
EngTech	1,322	1,294
ICTTech	1	0
Total	**40,555**	**40,787**

Overseas Final Stage registrants amounted to 17.5% (17.3% in 2008) of the register. The largest numbers of overseas Final Stage registrants were based in Hong Kong (10,635), Australia (5,275) and USA (3,939).

The above Trustees' Report on pages 1-15 was approved by the Trustees on 18 MARCH 2010 and signed on their behalf by the Chairman of the Board:

Professor Kel Fidler
Chairman of the Board

THE ENGINEERING COUNCIL UK

ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2009

STATEMENT OF THE TRUSTEES' RESPONSIBILITIES

The trustees, acting on behalf of the council, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, in so far as these are appropriate to the Council, its Royal Charter and Bye-Laws, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Council will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Council and enable them to ensure that the financial statements comply with the Charities Act 1993. 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.

Signed .....

Rear Admiral Nigel Guild
Chairman of the Finance,
Audit and Remuneration Panel

.....

Professor Kel Fidler
Chairman of the Board

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE ENGINEERING COUNCIL UK

We have audited the financial statements of The Engineering Council UK for the year ended 31 December 2009 on pages 18 to 33. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's Trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and regulations made under Section 44 of that Act. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors
The Trustees' responsibilities for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page 16.

We have been appointed as auditors under Section 43 of the Charities Act 1993 and report in accordance with regulations made under that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the Report of the Trustees is not consistent with those financial statements, if the charity has not kept proper accounting records, if the charity's financial statements are not in agreement with these accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Report of the Trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 December 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the financial statements have been prepared in accordance with the Charities Act 1993.

Saffery Champness

Saffery Champness
Chartered Accountants
Statutory Auditors
Lion House
Red Lion Street
London
WC1R 4GB

Date: 19 March 2010

THE ENGINEERING COUNCIL UK

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 Total funds £	2008 Total funds £
INCOMING RESOURCES			
Incoming resources from generated funds			
Activities for generating funds	2	10,589	12,924
Investment income	3	11,337	23,867
Incoming resources from charitable activities	4	2,533,697	2,565,636
Other incoming resources	19	(51,000)	25,000
Total incoming resources		2,504,623	2,627,427
RESOURCES EXPENDED			
Costs of generating funds			
Trading expenses	5	3,026	1,922
Investment management costs		11,332	13,555
Charitable activities	6		
Projects		107,405	176,447
International Recognition		235,685	208,948
Registration Standards Development		483,017	563,455
Quality Assurance		415,225	387,731
Register Maintenance		314,395	315,372
Operations Costs		722,215	733,144
Governance costs	9	20,440	23,349
Total resources expended		2,312,740	2,423,923
NET INCOMING RESOURCES		191,883	203,504
Other recognised gains/losses			
Gains/(losses) on investment assets		75,277	(221,558)
Actuarial (losses)/gains on defined benefit schemes	19	(1,711,000)	770,000
Net movement in funds		(1,443,840)	751,946
RECONCILIATION OF FUNDS			
Total funds brought forward		1,705,246	953,300
TOTAL FUNDS CARRIED FORWARD	20	261,406	1,705,246

THE ENGINEERING COUNCIL UK

BALANCE SHEET
AT 31 DECEMBER 2009

	Notes	2009 Total funds £	2008 Total funds £
FIXED ASSETS			
Tangible assets	12	113,694	147,286
Investments	13	1,200,000	1,124,560
Investments in subsidiary	14	-	45,000
		1,313,694	1,316,846
CURRENT ASSETS			
Debtors: amounts falling due within one year	15	114,576	145,732
Cash at bank and in hand		388,023	231,055
		502,599	376,787
CREDITORS			
Amounts falling due within one year	16	(118,887)	(113,387)
NET CURRENT ASSETS		383,712	263,400
TOTAL ASSETS LESS CURRENT LIABILITIES		1,697,406	1,580,246
PENSION (LIABILITY)/ASSET	19	(1,436,000)	125,000
NET ASSETS		261,406	1,705,246
FUNDS			
Unrestricted funds	20	261,406	1,705,246
TOTAL FUNDS		261,406	1,705,246

Note: The funds may only be used in pursuance of the purposes of the Engineering Council UK as set out in its Royal Charter.

The accounts on pages 18 to 33 were approved and signed on behalf of the Trustees on 18 March 2010 by the Chairman of the Board and the Chairman of the Finance, Audit and Remuneration Panel:

.....
Rear Admiral Nigel Guild
Chairman of the Finance,
Audit and Remuneration Panel

.....
Prof Kel Fidler
Chairman of the Board

1. ACCOUNTING POLICIES

Accounting convention
The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets and in accordance with applicable accounting standards the Charities Act 1993 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities (2005).

Incoming resources
All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Registration fees
With effect from 2002 all registration fee income due to the Engineering Council UK has been assigned and payable to the Engineering and Technology Board (ETB). This arrangement is dealt with under paragraph 42 of the supplemental Royal Charter dated 22 March 2002 and under regulation 4 of the Council's Regulations.

Grant from ETB
The financial statements present the grant receivable from ETB as agreed by both the Engineering Council UK and ETB in January 2009.

FEANI income
FEANI income represents a contribution to expenses incurred by the Engineering Council UK as a processing agent for the Eur Ing qualification in the UK.

Resources expended
Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

All costs are considered to be costs to further the Council's activities.

Investments
Interest received from bank deposits and gilt-edged securities is accounted for on an accruals basis. Dividends from equity investments are accounted for on a received basis. Investments are included in the balance sheet at market value or at cost where this is not materially different from market value. Realised and unrealised gains and losses are included in the Statement of Financial Activities.

1. ACCOUNTING POLICIES - continued

Tangible fixed assets
Tangible fixed assets, individually or in aggregate, costing more than £1,000 are capitalised and included at cost including any incidental expenses on acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off their cost evenly over their expected useful lives as follows:

Computer and office equipment	- 3 to 5 years
Fixtures and fittings	- 3 to 5 years
Computer software	- written off in the year of acquisition

Assets of nil book value are removed from the asset register after 10 years, irrespective of whether they still exist or not. These are included in "Disposals during year" as appropriate.

Taxation
The charity is exempt from tax on its charitable activities

Funds
The charity has divided its funds into categories according to their nature and purpose as follows

General fund
The general fund represents the undesignated accumulated surplus from funds available for the general objectives of the charity.

Legal Actions reserve
The Legal Actions reserve is a fund set aside to cover potential legal costs.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Finance and operating leases
Rentals applicable to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred. There are no finance leases.

1. ACCOUNTING POLICIES - continued

Pension costs
The Council contributes to a contracted-out defined benefit pension scheme, the Engineering Council Pension Scheme. This scheme was closed to new entrants on 3 July 2002.

The Council fully adopted Financial Reporting Standard 17 (FRS17) in 2005. The impact of this standard has been reflected throughout the financial statements.

In accordance with FRS17, the Statement of Financial Activities includes: the cost of benefits accruing during the year in respect of current service costs (charged against staff costs within charitable activities); the interest cost and the expected return on assets (shown as a net amount within other incoming resources); and actuarial gains and losses (disclosed within other recognised gains and losses).

In accordance with FRS17, the balance sheet includes the surplus or deficit in the scheme. Pension scheme assets are measured at fair value and pension scheme liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond, rated as AA or equivalent, of the same term and currency as the scheme liabilities (iBoxx Corporate AA 15+ years Index). The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

Further details regarding the scheme are disclosed in note 19.

The Council also contributes to a defined contribution stakeholder pension scheme operated by Scottish Widows. Contributions are charged to the Statement of Financial Activities as they fall due.

Value Added Tax
Due to the nature of the Council's income sources, almost all VAT incurred on purchases is irrecoverable. Irrecoverable VAT input charges have therefore been included in the expenditure areas to which they relate.

2. ACTIVITIES FOR GENERATING FUNDS

	2009	2008
	£	£
Trading income	10,589	12,924

3. INVESTMENT INCOME

	2009	2008
	£	£
Bank interest receivable	681	10,400
Interest from fixed asset investments	6,941	10,685
Other investment income	3,715	2,782
	11,337	23,867

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2009	2008
	£	£
Grants	2,311,105	2,211,000
FEANI income	104,206	71,744
Admin fee to ETB	77,000	85,489
Miscellaneous income	22,686	36,603
Gateway funding	-	103,285
Professional services	-	33,015
Project income	18,700	24,500
	2,533,697	2,565,636

Grants received, included in the above, are as follows:

	2009	2008
	£	£
Grant from ETB	2,311,105	2,211,000

5. TRADING EXPENSES

	2009	2008
	£	£
Stamp purchases	3,026	1,922

6. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 7)	Support costs (See note 8)	Totals
	£	£	£
Projects	100,309	7,096	107,405
International Recognition	228,444	7,241	235,685
Registration Standards Development	434,676	48,341	483,017
Quality Assurance	376,846	38,379	415,225
Register Maintenance	275,051	39,344	314,395
Operations Costs	520,582	201,633	722,215
	1,935,908	342,034	2,277,942

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

		2009	2008
		£	£
Staff costs	see note 11	1,182,459	1,181,317
Recruitment and temporary staff		18,277	2,876
Training		19,940	28,129
Travel and subsistence		100,816	95,888
Conference fees		2,832	2,070
Project spend		84,269	153,754
Accommodation costs		193,773	189,936
Computer and information systems costs		161,882	130,186
Subscriptions and meetings		82,607	81,970
Advertising		89,053	43,075
		1,935,908	1,909,201

8. SUPPORT COSTS

	2009	2008
	£	£
Insurance	32,170	39,548
Telephone	18,377	15,562
Printing, stationery and office supplies	40,257	29,415
Sundries	5,770	5,058
Maintenance of equipment	8,345	8,163
Legal and professional fees	137,061	289,544
Accountancy	40,388	30,683
Bank charges	2,437	2,652
Depreciation of tangible assets	50,634	48,176
Rental of office equipment	6,595	7,095
	342,034	475,896

9. GOVERNANCE COSTS

	2009	2008
	£	£
Accountancy	10,000	10,000
Auditors' remuneration	10,440	10,560
Meetings	-	2,789
	20,440	23,349

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no Trustees' remuneration or other benefits for the year ended 31st December 2009 nor for the year ended 31st December 2008.

Trustees' Expenses

Expenses were reimbursed to the Trustees during the year as follows:

	2009 £	2008 £
Travel and subsistence	18,357	23,228
Number of Board members in receipt of reimbursed expenses	15	19

Indemnity Insurance

Engineering Council UK, with the Charity Commission's agreement, indemnifies Board and former Senate members, its employees and volunteer agents against loss arising from neglect or default in the performance of duties.

This risk was covered by insurance at a cost of £5,019 (2008 - £6,563).

11. STAFF COSTS

	2009 £	2008 £
Wages and salaries	964,336	888,503
Social security costs	96,478	94,045
Other pension costs	106,053	179,454
Other staff benefits	15,592	19,315
	1,182,459	1,181,317

Number of employees whose emoluments exceeded £60,000 for the year were as follows:

	2009	2008
Exceeding £60,000 but not exceeding £70,000	2	1
Exceeding £80,000 but not exceeding £90,000	1	1
Exceeding £120,000 but not exceeding £130,000	-	1
Exceeding £140,000 but not exceeding £150,000	1	-

One of the higher paid employees above is a member of the Engineering Council Pension Scheme, a defined benefit scheme. The other higher paid employees contribute to the stakeholder pension scheme.

12. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Office equipment £	Computer equipment £	Totals £
COST				
At 1st January 2009	141,200	65,000	71,425	277,625
Additions	1,250	835	14,957	17,042
At 31st December 2009	142,450	65,835	86,382	294,667
DEPRECIATION				
At 1st January 2009	37,591	31,520	61,228	130,339
Charge for year	28,424	15,072	7,138	50,634
At 31st December 2009	66,015	46,592	68,366	180,973
NET BOOK VALUE				
At 31st December 2009	76,435	19,243	18,016	113,694
At 31st December 2008	103,609	33,480	10,197	147,286

All fixed assets are used for charitable activities.

13. FIXED ASSET INVESTMENTS

	Listed investments £	Cash awaiting investment £	Totals £
MARKET VALUE			
At 1st January 2009	1,027,501	97,059	1,124,560
Additions	1,053,737	-	1,053,737
Disposals	(987,476)	-	(987,476)
Realised gains/(losses) for the year	8,002	-	8,002
Unrealised gains/(losses) for the year	67,275	-	67,275
Net movement	-	(66,098)	(66,098)
At 31st December 2009	1,169,039	30,961	1,200,000
NET BOOK VALUE			
At 31st December 2009	1,169,039	30,961	1,200,000
At 31st December 2008	1,027,501	97,059	1,124,560

HISTORICAL COST	£
At 31st December 2009	1,170,298
At 31st December 2008	1,183,659

13. FIXED ASSET INVESTMENTS - continued

Listed investments are represented by:

	Market value 2009 £	Market value 2008 £
UK investments:		
Fixed interest securities	137,833	190,039
Equity shares	-	61,398
Alternative investments	388,814	290,642
	526,647	542,079
Overseas investments:		
Fixed interest securities	100,692	261,183
Equity shares	541,700	224,239
	642,392	485,422
Total listed investments	1,169,039	1,027,501

Investments that are material in the context of the market value of the portfolio are listed below:

	Market value 2009 £	Market value 2008 £
Fixed interest:		
5.00% Treasury Stock	-	116,534
3.25% Treasury Stock	83,074	-
Alternative investments:		
Ashmore Management Co.	-	52,155
Investment companies:		
HSBC Prime Funds	123,246	125,721
Lyxor International Asset Management	-	61,393
HSBC Investment Funds Luxembourg	-	53,214
Findlay Park Funds PLC	70,420	-
EFTS COM Securitie	63,322	-
EFTS Metal Securities Ltd	127,217	-

14. INVESTMENT IN SUBSIDIARY COMPANY

The Engineering Council UK held 100% of the issued share capital of Technical Qualifications Validation Limited, a company which ceased to trade at the end of 2007. At 31 December 2008, this investment was valued at £45,000.

In June 2009, the directors of Technical Qualifications Validation Limited passed resolutions in accordance with the Companies Act 2006 to reduce the share capital of the company. Remaining monies held by the subsidiary were transferred to the Engineering Council UK and the intercompany balances were extinguished. Following a further application by the directors, Technical Qualifications Validation Limited was formally struck off by Companies House on 8 December 2009.

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£	£
Trade debtors	13,932	4,977
Other debtors	13,354	35,471
ETB	9,144	4,203
Accrued income	2,093	6,809
Prepayments	76,053	94,272
	114,576	145,732

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£	£
Owed to subsidiary	-	12,036
Trade creditors	41,935	37,968
Social security and other taxes	50,450	47,420
Other creditors	1,952	1,792
Accrued expenses	24,550	14,171
	118,887	113,387

17. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land and buildings	
	2009	2008
	£	£
Expiring:		
Between one and five years	-	129,208
In more than five years	90,878	-
	90,878	129,208

18. RELATED PARTY DISCLOSURES

The Engineering and Technology Board (ETB), is a related party to the Engineering Council UK. Under the Engineering Council UK supplemental charter which came into effect on the 22 March 2002, the ETB may nominate 7 of its 22 Board members. By its Regulations, the Engineering Council UK has assigned all income from its registration fees to ETB. Changes to this regulation cannot be made without ETB's approval. The level of fee is determined by the ETB.

During the year ending 31 December 2009 the following transactions took place between the parties arising from the above:

ETB provided a grant to the Engineering Council UK of £2,311,105 (2008 - £2,211,000) to fund its operations.

Engineering Council UK and ETB occupy the same floor at 246 High Holborn. The lease is jointly held by the Engineering Council UK and ETB. Where possible each party has paid directly for its own costs. To cover accommodation and service costs, ETB charged the Engineering Council UK £208,619 (2008 - £195,645) in the year.

To cover administration costs, the Engineering Council UK charged ETB £77,000 (2008 - £85,489) in the year.

On 31 December 2009, ETB owed the Engineering Council UK the sum of £9,144 (2008 - £4,203). The amount due is disclosed with debtors falling due within one year.

19. PENSION COMMITMENTS

The Council contributes to a contracted-out defined benefit pension scheme, the Engineering Council Pension Scheme. This scheme was closed to new entrants on 3 July 2002.

The full actuarial valuation as at 31 December 2006 was updated to the Scheme's accounting date by an independent qualified actuary in accordance with FRS17. As required by FRS17, the actuarial method adopted to calculate the present value of members' expected benefits is the projected unit method.

Contributions to the Scheme, as a percentage of pensionable salary, are 20.3% for employer contributions and 7% for employee contributions. Following consultation with the actuaries, the Engineering Council UK made a lump-sum contribution of £175,000 to the scheme in March 2009.

The present value of the liability to meet future pension obligations of members is arrived at by applying a discount rate equivalent to the return expected to be derived from a class AA corporate bond. At 31 December 2009 this was 5.70% (2008 - 6.70%).

The assets of the Scheme are valued at their market value at the balance sheet date. This value will, therefore, fluctuate materially from year to year in response to market conditions.

The Engineering Council UK is the principal employer and ETB is an associate employer under this scheme. The proportion of the total Scheme fund attributable to Engineering Council UK staff or ex-Engineering Council UK staff is estimated to be approximately 94%. On withdrawal from the Scheme by the Engineering Council UK or closure, assets would be segregated in a similar proportion.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2009	2008	2007	2006
Discount rate	5.70%	6.70%	5.80%	5.25%
Price inflation	3.70%	2.70%	3.50%	3.00%
Rate of increase in salaries	4.70%	3.70%	4.50%	4.25%
Rate of increase of pensions in payment	3.60%	2.70%	3.50%	3.00%
Rate of increase for deferred pensions	3.70%	2.70%	3.50%	3.00%

On the basis of the assumptions used for life expectancy, a male pensioner currently aged 65 would be expected to live for a further 22 years. Allowance is made for future improvements in life expectancy.

Shown below are the 94% of the total Scheme assets at the year-end attributable to the Engineering Council UK and rates of return expected for the next accounting year together with comparatives for earlier years.

	Expected return from 2009	Fair value at 2009 £	Expected return from 2008	Fair value at 2008 £	Expected return from 2007	Fair value at 2007 £
Equities	7.40%	4,121,000	6.70%	4,720,000	7.50%	4,369,000
Bonds	5.10%	2,929,000	5.20%	1,248,000	5.00%	2,450,000
Cash	4.40%	774,000	2.00%	1,011,000	5.50%	1,043,000
Property	5.10%	56,000	5.20%	180,000	6.00%	91,000
		7,880,000		7,159,000		7,953,000

The net expected long-term rate of return is 6.23% at 31 December 2009 (2008 - 5.74%).

19. PENSION COMMITMENTS - continued

Engineering Council UK's share of the amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2009	2008
	£	£
Present value of funded obligations	(9,316,000)	(7,034,000)
Fair value of plan assets	7,880,000	7,159,000
	(1,436,000)	125,000
Present value of unfunded obligations	-	-
(Deficit)/Surplus	(1,436,000)	125,000
Net (liability)/asset	(1,436,000)	125,000

The following amounts have been included within "charitable expenditure" under FRS17:

	2009	2008
	£	£
Current service cost	50,000	113,000
Past service cost	-	-
	50,000	113,000

The following amounts have been included as "other incoming resources" under FRS 17:

	2009	2008
	£	£
Interest cost on pension scheme liabilities	458,000	496,000
Expected return on pension scheme assets	(407,000)	(521,000)
	51,000	(25,000)

The following amounts have been recognised under the "actuarial losses/ gains on defined benefit schemes" heading within the statement of financial activities.

	2009	2008
	£	£
Actuarial (losses)/ gains	(1,711,000)	770,000

19. PENSION COMMITMENTS - continued

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2009	2008
	£	£
Opening defined benefit obligation	7,034,000	8,734,000
Current service cost	50,000	113,000
Contributions by scheme participants	25,000	25,000
Interest cost	458,000	496,000
Actuarial losses/ (gains)	2,159,000	(1,973,000)
Benefits paid	(410,000)	(361,000)
	9,316,000	7,034,000

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2009	2008
	£	£
Opening fair value of scheme assets	7,159,000	7,953,000
Contributions by employer	255,000	250,000
Contributions by scheme participants	25,000	25,000
Expected return	407,000	521,000
Actuarial gains/(losses)	448,000	(1,203,000)
Benefits paid	(410,000)	(361,000)
Expenses paid	(4,000)	(26,000)
	7,880,000	7,159,000

Amounts for the current and previous three periods are as follows:

	2009	2008	2007	2006
Defined benefit pension plans				
Defined benefit obligation	(9,316,000)	(7,034,000)	(8,734,000)	(7,659,000)
Fair value of scheme assets	7,880,000	7,159,000	7,953,000	7,673,000
(Deficit)/surplus	(1,436,000)	125,000	(781,000)	14,000
Experience adjustments on scheme liabilities	(2,159,000)	1,973,000	(864,000)	134,000
Experience adjustments on scheme assets	448,000	(1,203,000)	23,000	405,000

Stakeholder and other pension schemes

The board at a meeting on 3 July 2002 decided to no longer offer entry to the Engineering Council Pension Scheme to new staff and nominated a stakeholder pension scheme instead. This is a defined contribution scheme operated by Scottish Widows and is not contracted out for the earnings related part of the State Pension Scheme. The employer contributes 10% of pensionable salary and the employee 5%.

Engineering Council UK employer contributions during 2009 were £65,337 (2008 - £46,098).

20. UNRESTRICTED FUNDS

	General fund £	Legal fund £	Total £
At 1 January 2009	1,605,246	100,000	1,705,246
Net incoming resources	191,883	-	191,883
Net gains on fixed asset investments	75,277	-	75,277
Actuarial loss on defined benefit pension schemes	(1,711,000)	-	(1,711,000)
At 31 December 2009	161,406	100,000	261,406

Fund balances for the Council as at 31 December 2009 are represented by:

	General fund £	Legal fund £	Total £
Tangible fixed assets	113,694	-	113,694
Investments	1,200,000	-	1,200,000
Current assets	402,599	100,000	502,599
Current liabilities	(118,887)	-	(118,887)
Pension liability	(1,436,000)	-	(1,436,000)
	161,406	100,000	261,406

Pension (liability)/ asset

The effect of the pension liability (2008 - asset) on the Council's net assets and funds is shown below:

	2009 £	2008 £
Net assets excluding pension (liability)/ asset	1,697,406	1,580,246
Pension (liability)/ asset	(1,436,000)	125,000
Net assets including pension (liability)/ asset	261,406	1,705,246