REGISTERED CHARITY NO. 286142

THE ENGINEERING COUNCIL

TRUSTEES' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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A note on terminology

In 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. The Trustees of the Engineering and Technology Board subsequently adopted a business name of EngineeringUK for their company. Throughout this Report the names Engineering Council and EngineeringUK are used, however they should be taken to mean Engineering Council UK and Engineering and Technology Board respectively.

THE ENGINEERING COUNCIL

TRUSTEES' ANNUAL REPORT – SUMMARY

FOR THE YEAR ENDED 31 DECEMBER 2010

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, Engineering Technicians and ICT Technicians.

2. Trustees of the Engineering Council 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

			Changes in 2010	
	Nominating Body	**Nominated Representative**	**Last mtg**	**First mtg**
1	British Computer Society	Professor Andrew McGettrick		
2	Chartered Institution of Building Services Engineers	Mr David Hughes		
3	Institution of Chemical Engineers	Professor David Bogle		
4	Institution of Civil Engineers	Mr William Kemp		
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	Rear Admiral Nigel Guild **(Vice-Chairman)**		
8	Institute of Materials, Minerals and Mining	Eur Ing Dr Graham Woodrow		
9	Institution of Mechanical Engineers	Professor 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	May-10	
	Group C	Professor Ray Clark		Sep-10
16	EngineeringUK	Professor Isobel Pollock		
17	EngineeringUK	Mr Christopher Finlayson		
18	EngineeringUK	Ms Dawn Ohlson		
19	EngineeringUK	Mr Pat McMullan		
20	EngineeringUK	Mr Paul Jackson		
21	EngineeringUK	Ms Yvonne Baker		
22	EngineeringUK	Mr George O'Neill	Mar-10	
	EngineeringUK	Vacant		

SENIOR STAFF

Chief Executive Officer
J Prichard CEng CEnv

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 FCIPD

Marketing & Communications Director
S Brough MCIM

PROFESSIONAL ADVISERS

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

ACTUARIES
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175 Kings Road
Reading
RG1 4EY

AUDITORS
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Red Lion Street
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WC1R 4GB

FINANCIAL ACCOUNTANTS
Reeves & Co LLP
37 St Margaret's Street
Canterbury
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BANKERS
HSBC Bank plc
165 Fleet Street
London
EC4A 2DY

INVESTMENT MANAGERS
HSBC Global Asset Management
78 St James's Street
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Baring Asset Management Limited
155 Bishopsgate
London
EC2M 3XY

SOLICITORS
Wedlake Bell
52 Bedford Row
London
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EMPLOYMENT LAW ADVICE
mhl Support plc
Brunswick Court
Brunswick Street
Newcastle Under Lyme
Staffordshire
ST5 1HH

PENSION and LIFE INSURANCE
Jelf Group
Endeavour House
Crow Arch Lane
Ringwood
Hampshire
BH24 1HP

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

CORPORATE MISSION

The mission of the Engineering Council 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, and that of Licensed Member Institutions.
- To maintain and improve organisational efficiency

GOVERNANCE

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

Engineering institutions are licensed by the Engineering Council to assess candidates for registration with the Engineering Council. 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 EngineeringUK 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 website (www.engc.org.uk). An Extranet is maintained, which is available to stakeholders, primarily the engineering institutions, Engineering Council Trustees, and volunteer members of the Engineering Council's Committee and Panels, as well as Engineering Council 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

EngineeringUK is a related party to the Engineering Council. Details of this relationship are given in note 20 to the Financial Statements.

ENGINEERING COUNCIL ANNUAL REVIEW 2010

SUMMARY OF KEY ACHIEVEMENTS

During 2010 the Engineering Council had achievements in the following key areas:

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

- IEng Review and consultations with employer focus groups contributed to an increase in IEng registrations of 64% new final stage registrations over the period Jan to December 2010.
- New guidance notes on academic accreditation and assessment of individual route applicants published July 2010.
- Work-based Masters leaflet published outlining benefits for employers and employees.
- Technicians qualifications database now publicly available, listing approved apprenticeship frameworks etc.
- Guidance Note on Risk for launch in March 2011.

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

- New CEOs schedule to meet PEI CEOs nearly complete.
- Four volunteers seminars held by QA department and 3 QA bulletins issued.
- 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 32).
- IDGTE became licensed to award EngTech.
- InstRE became licensed to award IEng and CEng in addition to EngTech.
- Series of marketing workshops held with PEIs.

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

- Responded to QAA consultation on institutional audit, and contributed to E4E response to Wolf Review of 14-19.
- Created a new class of Associates to properly acknowledge the importance of such assistance to Engineering Council's work.
- MoU signed with major employer (BAE Systems) to introduce a common IPD scheme across 5 licensed members.
- Review of Individual Route process with particular focus on assessing experiential learning.
- Guidance Note on accreditation revised and re-issued.
- Broadened the Armed Forces Committee to include all relevant PEIs ensuring a more consistent approach to registration within the armed forces.

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

- Regular meetings with marketing teams and marketing workshops held. Student presentations and best practice guide updated. Research into registrant and non-registrant attitudes completed.
- IEng research in preparation for 2011 promotion campaign completed. Technician Council established with Engineering Council input.
- Communications review including rebranding, and updating and promotion of website completed.
- Review of Registrant packs completed.
- Attendance at National Engineering & Construction Recruitment Exhibition (NECR) - 12 PEIs

Optimising: (Aim: Maintain and improve organisational efficiency)

- Conducted two reviews of staff performance and objectives.
- Conducted six self-assessments of different internal functions.
- Successful ISO9001:2008 surveillance visit.
- Successful IiP re-accreditation.
- Improved ACAD in place with user manual produced for PEIs.
- Business continuity plan reviewed.

Report of the Board of the Engineering Council

The Board met on four occasions in 2010, including a two-day Retreat held at the National Physical Laboratory at Teddington, 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. A conservative estimate gives the total resource given to the Engineering Council 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.

Four 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

At the beginning of 2010 a Marketing Directorate was created and the Communications Manager promoted to Marketing and Communications Director. A Marketing Manager was also appointed and a comprehensive marketing plan was developed. It was agreed, therefore, in May that there was no further requirement for a marketing steering group.

By April the rebranding exercise was completed, with all Engineering Council marketing literature having been reviewed and rebranded.

During 2010 a series of marketing workshops took place, which were well attended by staff from 24 institutions (although all are invited). These complemented individual marketing meetings with relevant staff from the 12 larger institutions. Proving beneficial to all parties, both activities enabled discussions regarding key messages, ideas and promotional campaigns and sharing of resources, materials, experiences and good practice. Strong relationships are being built between the marketing department and institution employees, and the initial reluctance to share shown by some PEIs appears to have been overcome. As an example, in November 12 of the institutions joined the Engineering Council on a 'Professional Development Hub' at the National Engineering and Construction Recruitment Exhibition, which proved a success, with everyone working well together and making an impact with exhibition visitors. In addition, a number of potential membership/registrant leads were collected at the show.

The biennial Survey of Registered Engineers was carried out, as well as the first non-registrant survey, with results allowing comparison between both groups of engineers. To address the relatively low number of Incorporated Engineers on the register, an IEng marketing group was created, and three comprehensive surveys were carried out, (IEngs, institution members not yet registered, and employers) the results of which will form the basis of an extensive promotional campaign during 2011.

Other marketing activities have included presentations to university students and engineering organisations, and the launch of a coherent data strategy that will allow the correct identification and prioritisation of associated areas of work. Marketing activities contributed to an increase in numbers of new registrants during 2010.

Report of the Registration Standards Committee

The Registration Standards Committee (RSC) met three times in 2010 under the chairmanship of Mr George O'Neill. With the review of the Regulations for Registration having been brought to a conclusion the previous year, the committee's focus was on ensuring that licensed institutions had adequate guidance on UK-SPEC requirements to enable them to apply the standard. A significant piece of work, undertaken by a joint RSC/QAC working group, was preparation and issue of a guidance note on the assessment of individual route applicants. This set out some general information on the assessment of applicants without the exemplifying academic qualifications, taking into account recent changes in the Regulations for Registration and making it clear that there are a number of options available to Licensed Members dealing with such applicants once they have evaluated the total evidence of knowledge and understanding (not simply the academic qualifications) of individuals. The note offered particular guidance on assessing the experiential learning, drawing upon the experience of some institutions of doing this. RSC agreed that the guidance would be reviewed during 2011, when feedback from institutions would be considered. In conjunction with this work, the guidance note on the Technical Report Option was also revised and reissued.

Considerable attention was given to the accreditation of academic programmes, partly to follow up points made at the Engineering Council conference on this in October 2009 and partly as a result of discussions in the Engineering Accreditation Board (EAB), from which RSC received regular reports. The guidance note on accreditation was revised and reissued; it now emphasises that accreditation is a developmental process and encourages greater continuing liaison between Universities and PEIs in between visits, as well as emphasising the importance of programme-level learning outcomes. A very useful meeting was held with chairs of institution accreditation committees, chaired by the EAB chairman Professor Bob Cryan. This produced a number of suggestions about future process improvement. It is planned to hold a similar meeting annually in future.

RSC noted that a number of institutions had introduced or were considering charging for accreditation visits. It agreed a statement that this was a matter for individual institutions to decide upon, and this was endorsed by the Board.

The committee agreed to establish a working group, chaired by Dr Rob Best, to consider the feasibility of drafting some specific learning outcomes for Master's degrees other than MEng. At present UK-SPEC only gives required learning outcomes for integrated MEng degrees, and treats the QAA M level descriptor and the UK-SPEC competence statements as the principal reference points for other kinds of master's degree. At the ENAEE review visit to the UK in 2009 the review team suggested that the Engineering Council should produce outcomes statements for these, and this was echoed by the ENAEE Label Committee. The group will report early in 2011.

A working group was established at the beginning of the year, chaired by Board member Dr David Bogle, to draw up guidelines on Risk, analogous to the well received Guidance on Sustainability published in 2009. This would be a successor to previous material on Risk published by the Engineering Council in the early 1990s. The group completed its work within the year and the resulting document was endorsed by RSC and approved by the Board, and will be published in early 2011.

A notable external development during the year was the formation of the Technician Council, supported by the Gatsby Foundation and the Department for Business, Innovation and Skills. This has been formed to promote technician skills and their importance to the economy, especially in relation to engineering, science, ICT and health. A key element of this is seen as the promotion of professional standards and professional registration. As the holder of the two existing registers for Engineering Technicians and ICT Technicians, the Engineering Council has an important part to play in this activity, and Richard Shearman, Deputy CEO, is a member of the Council.

During the year the database of qualifications approved by institutions as exemplifying qualifications for EngTech registration was adapted to allow public access via the Engineering Council website, in similar fashion to the database of accredited higher education programmes.

The Committee continued to receive reports on the Engineering Gateways project and the MSc in Professional Engineering. This was the subject of an external evaluation, the report from which was very positive while noting various areas for potential development. The report has been published on the Engineering Council website and Deborah Seddon, Deputy Director of Formation, presented a paper on it at the Engineering Education 2010 conference at Aston University.

The committee also received reports on a range of national developments related to education and professional development. It will take some time to evaluate the changes in the financing of higher education in England announced by the government late in the year, and these will be evaluated. One development which has caused concern is the forthcoming changes in the structure of the Higher Education Academy, under which the Engineering Subject Centre will cease to be financed. The centre has done much valuable work in the past decade to support learning and teaching in engineering, as well as to support the adoption of output-based accreditation until UK-SPEC, and efforts will be made to secure the continuation of some of its core activity.

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 2010 under the Chairmanship of Isobel Pollock. Attendance at the meetings averaged 85%. Two members retired having completed the two, 3-year terms and six new members joined. At present there are 22 members on the Committee compared with 18 at the end of 2009, however four are due to retire in 2011. Current membership is drawn from 19 Institutions, including seven Group A Institutions (i.e. those with greater than 5,000 registrants), five from Group B (1000 to 5000 registrants), four from Group C (less than 1000 registrants) and one from a Professional Affiliate. The Science Council has a permanent observer (the deputy registrar) on QAC and an ex QAC member sits as an ex-officio member as Chairman of the Consistency Panel.

Five year licence renewals have been conducted at six institutions. These were the Institute of Cast Metals Engineers (ICME), Institute of Acoustics (IoA), Institute of Physics (IOP), Chartered Institution of Water and Environmental Management (CIWEM), Institute of Marine Engineering, Science and Technology (IMarEST) and the Institution of Agricultural Engineers (IAgrE).

Four Professional Affiliates were reapproved for a further five years. They were the Institute of Automotive Engineer Assessors (IAEA), Association for Project Management (APM) The Institute of Mathematics & its Applications (IMA) and the Institute of Asphalt Technology (IAT). The Institute of Nanotechnology was approved as a new Professional Affiliate. One Professional Affiliate withdrew due to financial difficulties. There remain 18 Professional Affiliates.

The Institution of Engineering Technology's (IET) ICTTech licence was renewed for a further year. They are still the only PEI to hold an ICTTech licence.

The Institute of Diesel and Gas Turbine Engineers (IDGTE), who were a Professional Affiliate, were awarded their first licence for EngTech only.

The Institution of Royal Engineers (InstRE) was awarded an IEng and CEng licence to add to their EngTech licence.

Interim review visits have been conducted at the Chartered Institute for IT (BCS), the Institution of Civil Engineers (ICE) and the Institution of Lighting Professionals (ILP), previously the Institution of Lighting Engineers.

Two 5-year licence reviews have been conducted jointly with the Science Council and one with the Society for the Environment. The number is set to increase. A planning meeting continues to be held quarterly between the three organisations. An annual steering group meeting was held involving CEO to review progress of the joint activities.

In addition to licence review visits staff continue with regular visits observing interviews, accreditation visits, training sessions, committee meetings, as well as informal meetings to discuss progress on specific issues particularly related to Continuous Performance Improvement (CPI).

A series of workshops run by the Engineering Council continue to contribute to the effective exchange of good practice between institutions on a range of licence related issues. They have involved over 100 staff and members. This year they included workshops on the Individual Route to Registration, conducted jointly with the Formation Department, and a new workshop on Moderation.

The major licence related activity in 2010 was the launch of the Continuous Performance Improvement (CPI) initiative aimed at improving overall effectiveness in particular consistency and transparency. Implementation will continue throughout 2011. Part of this exercise was the revision of the Licensing Manual and the publication of a new Volunteer Handbook.

The Engineering Council licensing and QA functions continue to be supported by four full time staff. One member transferred to the Marketing Department and was replaced with an external appointment.

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 2010. The Panel currently comprises three Board members, including Chris Boocock the Chairman, plus Philip Corp (a past member of the Board and Chairman of QAC) and Keith Lawrey, a lawyer from the Foundation for Science and Technology where his role is the Learned Societies' Liaison Officer. Both Philip Corp and Keith Lawrey have recently been appointed Engineering Council Associates.

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 2010 the Privy Council requested Engineering Council comments on proposed amendments submitted by seven (ten in 2009) licensed members. No major issues were raised.

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

Assistance was given to the Institution of Engineering Designers and the Association for Project Management regarding their charter applications. The Institute of Diesel and Gas Turbine Engineers were assisted in their efforts to obtain incorporation.

The Engineering Council's Bye-laws were amended to include minor changes involving the name change and clarification of the disciplinary process.

Related issues that were discussed during the year included the continuing issue of the use of titles, further improvement of the disciplinary guidelines and a survey of the governance arrangements of the key PEIs.

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 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 website. A seminar which showcased the Engineering Council international activities was held during 2010 and was well received.

The Engineering Council 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. In collaboration with the UK Inter-Professional Group the Engineering Council has participated in the survey phase of the forthcoming five year review of the Directive and will be responding to the formal consultations which will be taking place during 2011. The change of government sparked a number of migration policy initiatives and the Engineering Council has provided comment to the Migration Advisory Committee and the Border Agency. Discussion with UK-NARIC has resulted in a draft methodology for evaluating the "level" of professional qualifications (professional titles) which would allow the consistent allocation of "migration points" to them.

FEANI has appointed a new Secretary General who took up post in August. The professional card (EngCard) for engineers has progressed with the German association producing a national card template which can be "Euro-endorsed" by FEANI. Two or three other countries may shortly follow suit. The FEANI involvement will be to quality assure the national systems to ensure standards and consistency. Demand for an EngCard is not yet clear; however, this method of implementation means that the financial consequence of any shortfall is carried by the participating national associations. Should it be deemed appropriate then the Engineering Council could elect to join the scheme later, our registration system being already compatible with the EngCard requirements.

Involvement in European accreditation through ENAEE continues with the Engineering Council main aim being to ensure clarity and robustness of its operating procedures. We are also supporting the ENAEE/International Engineering Alliance joint working party which is trying to ensure compatibility between the European and global accreditation recognition systems.

The International Engineering Alliance has carried out two reviews of the Engineering Council. As a result our full membership of the Sydney and Dublin Accords was extended for a further six years at the IEA meeting in June 2010 and continuation of our full membership of the EMF will be recommended to the IEA meeting in June 2011. A number of changes to IEA documentation were proposed at the 2010 meeting and the Engineering Council is involved in the working groups drafting constitutional and procedural amendments for adoption in June 2011. This work includes the transition to the new (higher) Washington Accord standard.

Report of the Finance, Audit and Remuneration Panel

The Finance, Audit and Remuneration Panel (FARP) was chaired throughout 2010 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 budget for 2010 was determined by the Finance, Audit and Remuneration Panel (FARP) and approved at the May 2009 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 5-11 to the Financial Statements. The reception area, kitchen, conference and meeting rooms were refurbished in 2010 at a cost to the Engineering Council of £73,000. Regular scrutiny of costs was undertaken to ensure that the work of the Engineering Council was as cost-effective as possible.

The Engineering Council continued to administer in-house the payroll function. All other accounting functions and pensions administration continued to be outsourced, and were carried out by Reeves & Co LLP (previously Reeves & Neylan) who had been appointed accountants to the Engineering Council at the December 2009 Board meeting.

A budget for 2011, requiring a grant from EngineeringUK of £2,422,109, was agreed by the Board at its May meeting and approved by the EngineeringUK Board. The Engineering Council'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 EngineeringUK, from which a grant is made to the Engineering Council.

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 96.7% of all registrants.

The inclusion of the Engineering Council Pension Scheme under FRS17 has reduced staff costs by £233,000 (2009 - £201,000), increased direct costs by £33,000 (2009 – increase of £51,000) and resulted in an actuarial gain on the scheme of £472,000 (2009 – loss of £1,711,000). The overall effect of applying FRS17 is thus to increase Net Incoming Resources by £200,000 (2009: £150,000) and to increase the Net movement in funds by £672,000 (2009: reduction of £1,561,000).

Investments. Following market volatility during 2008, some growth during 2009, and uncertainty over market performance in 2010, FARP continued to monitor the performance of the Engineering Council investment fund at each meeting. At its February meeting, FARP resolved to conduct a full investment review, as it had indicated it would at its 2009 meetings. A formal tender process commenced in April 2010. A recommendation was made by the July FARP meeting and the September Board meeting resolved to replace HSBC Global Asset Management as its fund managers and appointed Baring Asset Management Limited.

Engineering Council Pension Scheme. The Trustees of the Engineering Council Pension Scheme met three times during 2010. A triennial valuation was obtained for 31 December 2009 and the recovery plan was still under discussion at the year end.

Following his appointment as CEO of the Engineering Council, Jon Prichard resigned his position as Chairman of the Pension Scheme Trustees but continued as an employer-nominated member. Colin Porter was appointed his successor as Chair.

The Engineering Council, as the Principal Employer, continued to make payments in agreement with the agreed schedule (Dec 2006).

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

Reserves policy. Following review in November 2010, the reserves held were critically examined to ensure they adequately matched the Engineering Council'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 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

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 £813,000 (2009 – deficit £1,436,000) 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 cash flows in the short term, and that in the long term its effects are sustainable out of future income. Disregarding this deficit (2009 – deficit) for reserves policy purposes, the charity's general fund was £1,910,845 (2009 - £1,597,406), 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 (2009 - £100,000) that is the figure disclosed in note 17 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's requirements for both income and capital growth. The Engineering Council's investment policy is based on low-risk easily liquidated assets. The Engineering Council'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's assets as best determined. During late 2009 and 2010 the fund regained some of the losses incurred during the market volatility in 2008.

As reported above, the Trustees appointed Baring Asset Management Limited as fund managers and funds were transferred from HSBC Global Asset Management in the last quarter of the year. The Barings fund allows the Engineering Council 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.

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 against the Charity Commission principles, and of the Engineering Council'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. 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 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'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 240,000, 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 Council'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, IN CONJUNCTION WITH ITS LICENSED MEMBER INSTITUTIONS

	Engineering Council activity	Institution activity	Effect	Public benefit
1	Set and maintain standards of professional competence in 4 categories: Engineering Technician, ICT 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 ANNUAL REVIEW 2010

STATISTICS AT YEAR END

Total number of Registrants

	2010	2009
Final Stage Registrants	227,558	230,973
Interim Registrants	11,368	12,410
Total	**238,926**	**243,383**

Breakdown of Final Stage Registrants

CEng	179,573	181,409
IEng	33,766	35,380
EngTech	14,106	14,163
ICTTech	113	21
Total	**227,558**	**230,973**

New Final Stage Registrants

CEng	4,717	3,750
IEng	897	547
EngTech	1,477	1,314
ICTTech	93	21
Total	**7,184**	**5,632**

Losses from the Register at Final Stage

Deaths	1,673	1,091
Other losses	10,231	9,914

Female Registrants

The number of female registrants rose to 8,748 from 8,343 in 2010; the largest growth was in Chartered Engineers to 8,070 from 7,699.

Overseas Final Stage Registrations

CEng	36,026	35,687
IEng	3,435	3,545
EngTech	1,292	1,322
ICTTech	4	1
Total	**40,757**	**40,555**

Overseas Final Stage registrants amounted to 17.8% (17.5% in 2009) of the register. The largest numbers of overseas Final Stage registrants were based in Hong Kong (11,014), Australia (5,561) and USA (3,801).

The above Trustees' Report on pages 1-15 was approved by the Trustees on 17 March 2011 and signed on their behalf by the Chairman of the Board:

Professor Kel Fidler
Chairman of the Board

Statement of Trustees' responsibilities

The Trustees 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 judgments 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 charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that 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 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.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

We have audited the financial statements on pages 18 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our audit work has been undertaken so that we might state to the 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

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

We have been appointed as auditors under Section 43 of the Charities Act 1993 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the charity's affairs as at 31 December 2010 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 1993.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the 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.

Saffery Champness

Saffery Champness

Chartered Accountants
Statutory Auditors
Lion House
Red Lion Street
London
WC1R 4GN

18 March 2011

Statement of financial activities
for the year ended 31 December 2010

	Note	Unrestricted funds 2010 £	Total funds 2009 £
Incoming resources			
Incoming resources from generated funds:			
Activities for generating funds	2	**15,684**	10,589
Investment income	3	**9,811**	11,337
Incoming resources from charitable activities	4	**2,604,088**	2,533,697
Total incoming resources		**2,629,583**	2,555,623
Resources expended			
Costs of generating funds:			
Trading expenses	2	**3,282**	3,026
Investment management expenses	5	**11,327**	11,332
Charitable activities	9	**2,265,924**	2,328,942
Governance costs	6	**13,035**	20,440
Total resources expended		**2,293,568**	2,363,740
Net incoming resources before investment asset disposals		**336,015**	191,883
Gains on disposals of investment assets	14	**81,353**	8,002
Net incoming resources before revaluations		**417,368**	199,885
Gains on revaluations of investment assets	14	**47,071**	67,275
Actuarial gains and (losses) on defined benefit pension schemes	18	**472,000**	(1,711,000)
Net movement in funds for the year		**936,439**	(1,443,840)
Total funds at 1 January 2010		261,406	1,705,246
Total funds at 31 December 2010		**1,197,845**	261,406

All activities relate to continuing operations.

The notes on pages 20 to 32 form part of these financial statements.

The Engineering Council

Balance sheet
as at 31 December 2010

	Note	£	2010 £	£	2009 £
Fixed assets					
Tangible assets	13		**144,296**		113,694
Investments	14		**1,327,528**		1,200,000
			1,471,824		1,313,694
Current assets					
Debtors	15	**147,987**		114,576	
Cash at bank and in hand		**489,316**		388,023	
		637,303		502,599	
Creditors: amounts falling due within one year	16	**(98,282)**		(118,887)	
Net current assets			**539,021**		383,712
Total assets less current liabilities			**2,010,845**		1,697,406
Defined benefit pension scheme liability	18		**(813,000)**		(1,436,000)
Net assets including pension scheme liabilities			**1,197,845**		261,406
Charity Funds					
Unrestricted funds:					
Unrestricted funds excluding pension liability		**2,010,845**		1,697,406	
Pension reserve		**(813,000)**		(1,436,000)	
Total unrestricted funds			**1,197,845**		261,406
Total funds	17		**1,197,845**		261,406

The financial statements on pages 18 to 32 were approved and signed on behalf of the Trustees on 17 March 2011by 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

The notes on pages 20 to 32 form part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2010

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005 and applicable accounting standards.

1.2 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Investment income, gains and losses are allocated to the appropriate fund.

1.3 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.

1.4 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	20% straight line
Office equipment	-	25% straight line
Computer equipment	-	33% straight line

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

1.6 Investments

Investments are stated at market value at the balance sheet date. The Statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Notes to the financial statements
for the year ended 31 December 2010

1. Accounting policies (continued)

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of financial activities.

1.9 Pensions

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 direct costs); 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 18.

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.

1.10 Taxation

The charity is exempt from tax on its charitable activities.

1.11 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.

Notes to the financial statements
for the year ended 31 December 2010

2. Activities for generating funds

	Unrestricted funds 2010 £	Total funds 2009 £
Trading income	**15,684**	10,589
Fundraising trading expenses		
Stamp purchases	**3,282**	3,026
Net income from activities for generating funds	**12,402**	7,563

3. Investment income

	Unrestricted funds 2010 £	Total funds 2009 £
Interest from fixed asset investments	**8,465**	6,941
Bank interest receivable	**310**	681
Other investment income	**1,036**	3,715
	9,811	11,337

4. Incoming resources from charitable activities

	Unrestricted funds 2010 £	Total funds 2009 £
Charity incoming resources	**2,604,088**	2,533,697

	2010 £	2009 £
Grants	**2,362,110**	2,311,105
FEANI income	**102,534**	104,206
Miscellaneous income	**17,923**	22,686
Admin fee to EngineeringUK	**92,916**	77,000
Professional services	**8,805**	-
Project income	**-**	18,700
PDS license fee	**19,800**	-
Total	**2,604,088**	2,533,697

Notes to the financial statements
for the year ended 31 December 2010

5. Investment management costs

	Unrestricted funds 2010 £	Total funds 2009 £
Investment management fees	**11,327**	11,332

6. Governance costs

	Unrestricted funds 2010 £	Total funds 2009 £
Auditors' remuneration	**10,035**	10,440
Accountancy	**3,000**	10,000
	13,035	20,440

7. Direct costs

	Total 2010 £	Total 2009 £
Pension expense	**33,000**	51,000
Project spend	**26,627**	84,269
Recruitment and temporary staff	**66,825**	18,277
Training	**5,881**	19,940
Conference fees	**2,948**	2,832
Computer and information systems costs	**170,049**	161,882
Advertising	**38,759**	89,053
Travel and subsistence	**88,941**	100,816
Subscriptions and meetings	**83,571**	82,607
Accommodation costs	**157,274**	193,773
Wages and salaries	**1,242,696**	1,166,867
	1,916,571	1,971,316

Notes to the financial statements
for the year ended 31 December 2010

8. Support costs

	Total 2010 £	Total 2009 £
Telephone	**28,673**	18,377
Printing, stationery and office supplies	**73,644**	40,257
Maintenance of equipment	**5,869**	8,345
Sundries	**11,627**	5,770
Rental of office equipment	**7,917**	6,595
Bank charges	**3,362**	2,437
Accountancy	**20,177**	40,388
Legal and professional fees	**96,568**	137,061
Insurance	**43,140**	47,762
Depreciation	**58,376**	50,634
	349,353	357,626

9. Analysis of resources expended by activities

	Activities undertaken directly 2010 £	Support costs 2010 £	Total 2010 £	Total 2009 £
Direct costs	**1,916,571**	**349,353**	**2,265,924**	2,328,942

10. Net incoming resources

This is stated after charging:

	2010 £	2009 £
Depreciation of tangible fixed assets:		
- owned by the charity	**58,376**	50,634
Auditors' remuneration	**10,035**	10,440

During the year, no Trustees received any remuneration (2009 - £NIL).
During the year, no Trustees received any benefits in kind (2009 - £NIL).
14 Trustees received reimbursement of expenses amounting to £19,128 in the current year, (2009 - 15 Trustees - £18,357).

Notes to the financial statements
for the year ended 31 December 2010

11. Staff costs

Staff costs were as follows:

	2010 £	2009 £
Wages and salaries	**1,024,948**	979,928
Social security costs	**107,351**	96,478
Other pension costs (Note 18)	**137,455**	106,053
	1,269,754	1,182,459

The average monthly number of employees during the year was as follows:

	2010 No.	2009 No.
	23	21

The number of higher paid employees was:

	2010 No.	2009 No.
In the band £60,001 - £70,000	**2**	2
In the band £70,001 - £80,000	**0**	1
In the band £80,001 - £90,000	**2**	0
In the band £140,000 - £150,000	**0**	1
	4	4

12. Other finance income

	2010 £	2009 £
Expected return on pension scheme assets	**481,000**	407,000
Interest on pension scheme liabilities	**(514,000)**	(458,000)
	(33,000)	(51,000)

Notes to the financial statements for the year ended 31 December 2010

13. Tangible fixed assets

	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2010	142,450	65,835	86,382	294,667
Additions	73,113	-	15,865	88,978
At 31 December 2010	215,563	65,835	102,247	383,645
Depreciation				
At 1 January 2010	66,015	46,592	68,366	180,973
Charge for the year	33,253	12,995	12,128	58,376
At 31 December 2010	99,268	59,587	80,494	239,349
Net book value				
At 31 December 2010	116,295	6,248	21,753	144,296
At 31 December 2009	76,435	19,243	18,016	113,694

Notes to the financial statements
for the year ended 31 December 2010

14. Fixed asset investments

	Listed securities £
Market value	
At 1 January 2010	**1,200,000**
Additions	**1,757,317**
Disposals	**(1,676,860)**
Revaluations	**47,071**
At 31 December 2010	**1,327,528**
Historical cost	**1,280,481**

Investments at market value comprise:

	2010 £	2009 £
Listed investments	**1,327,528**	1,200,000

All the fixed asset investments are held in the UK.

Material investments

	31 December 2010 £	31 December 2009 £
Baring Targeted Return Fund	**1,279,014**	-
3.25% Treasury Stock	**-**	83,074
HSBC Prime Funds	**-**	123,246
Findlay Park Funds PLC	**-**	70,420
EFTS COM Securities	**-**	63,322
EFTS Metal Securities Limited	**-**	127,217

15. Debtors

	2010 £	2009 £
Trade debtors	**14,951**	13,932
EngineeringUK	**7,820**	9,144
Other debtors	**47,033**	13,354
Prepayments and accrued income	**78,183**	78,146
	147,987	114,576

Notes to the financial statements
for the year ended 31 December 2010

16. Creditors: Amounts falling due within one year

	2010 £	2009 £
Trade creditors	**38,822**	41,935
Social security and other taxes	**44,508**	50,450
Other creditors	**1,952**	1,952
Accruals and deferred income	**13,000**	24,550
	98,282	118,887

17. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/(out) £	Gains £	Carried Forward £
Unrestricted funds						
General fund	**1,597,406**	**2,629,583**	**(2,293,568)**	**(151,000)**	**128,424**	**1,910,845**
Legal fund	**100,000**	**-**	**-**	**-**	**-**	**100,000**
Pension reserve	**(1,436,000)**	**-**	**-**	**151,000**	**472,000**	**(813,000)**
	261,406	**2,629,583**	**(2,293,568)**	**-**	**600,424**	**1,197,845**

Summary of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/(out) £	Gains £	Carried Forward £
General funds	**261,406**	**2,629,583**	**(2,293,568)**	**-**	**600,424**	**1,197,845**

Notes to the financial statements
for the year ended 31 December 2010

18. Pension commitments

The charity operates a Defined benefit pension scheme.

The Engineering 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 2009 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 made a lump-sum contribution of £175,000 to the scheme in March 2010.

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 2010 this was 5.40% (2009 - 5.70%).

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 is the principal employer and EngineeringUK is an associate employer under this scheme. The proportion of the total Scheme fund attributable to Engineering Council staff or ex-Engineering Council staff is estimated to be approximately 93% (2009 - 94%). On withdrawal from the Scheme by the Engineering Council or closure, assets would be segregated in a similar proportion.

The amounts recognised in the Balance sheet are as follows:

	2010	2009
	£	£
Present value of funded obligations	**(9,340,000)**	(9,316,000)
Fair value of scheme assets	**8,527,000**	7,880,000
Net liability	**(813,000)**	(1,436,000)

The amounts recognised in profit or loss are as follows:

	2010	2009
	£	£
Current service cost	**(49,000)**	(54,000)
Interest on obligation	**(514,000)**	(458,000)
Expected return on scheme assets	**481,000**	407,000
Total	**(82,000)**	(105,000)
Total actuarial gain/(loss)	**472,000**	(1,711,000)

18. Pension commitments (continued)

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

	2010 £	2009 £
Opening defined benefit obligation	**9,316,000**	7,034,000
Current service cost	**49,000**	54,000
Interest cost	**514,000**	458,000
Contributions by scheme participants	**18,000**	25,000
Actuarial Gains/(losses)	**(73,000)**	2,159,000
Benefits paid	**(402,000)**	(410,000)
Reduction of 1% in share of scheme assets	**(82,000)**	-
Pension scheme expenses	**-**	(4,000)
Closing defined benefit obligation	**9,340,000**	9,316,000

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

	2010 £	2009 £
Opening fair value of scheme assets	**7,880,000**	7,159,000
Expected return	**481,000**	407,000
Actuarial gains and (losses)	**399,000**	448,000
Contributions by employer	**233,000**	255,000
Contributions by scheme participants	**18,000**	25,000
Benefits paid	**(402,000)**	(410,000)
Expenses paid	**-**	(4,000)
Reduction of 1% in share of scheme assets	**(82,000)**	-
	8,527,000	7,880,000

The charity expects to contribute £322,000 to its Defined benefit pension scheme in 2011.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2010	2009
Equities	**47.00 %**	52.00 %
Bonds	**52.00 %**	37.00 %
Cash	**1.00 %**	10.00 %
Property	**- %**	1.00 %

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

	2010	2009
Discount rate at 31 December	**5.40 %**	5.70 %
Retail price inflation	**3.50 %**	3.70 %
Future salary increases	**4.50 %**	4.70 %
Future pension increases	**3.40 %**	3.60 %
Deferred pension revaluation rate	**3.50 %**	3.70 %

18. Pension commitments (continued)

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

Defined benefit pension schemes

	2010	2009	2008	2007	2006
	£	£	£	£	£
Defined benefit obligation	**(9,340,000)**	(9,316,000)	(7,034,000)	(8,734,000)	(7,659,000)
Scheme assets	**8,527,000**	7,880,000	7,159,000	7,953,000	7,673,000
(Deficit)/surplus	**(813,000)**	(1,436,000)	125,000	(781,000)	14,000
Experience adjustments on scheme liabilities	**56,000**	(2,159,000)	1,973,000	(864,000)	134,000
Experience adjustments on scheme assets	**399,000**	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%.

The Engineering Council employer contributions during 2010 were £67,112 (2009 - £65,337).

19. Operating lease commitments

At 31 December 2010 the charity had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2010	2009
	£	£
Expiry date:		
Between 2 and 5 years	**117,152**	-
After more than 5 years	**-**	90,878

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20. Related party transactions

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

During the year ended 31 December 2010, the following transactions took place between the parties arising from the above:

EngineeringUK provided a grant to the Engineering Council of £2,362,110 (2009 - £2,311,105) to fund its operations.

The Engineering Council and EngineeringUK occupy the same floor at 246 High Holborn. The lease is jointly held by the Engineering Council and EngineeringUK. Where possible, each party has paid directly for its own costs. To cover accommodation and service costs, EngineeringUK charged the Engineering Council £187,656 (2009 - £208,619) in the year.

To cover administration costs, the Engineering Council charged EngineeringUK £92,916 (2009 - £77,000) in the year.

On 31 December 2010, EngineeringUK owed the Engineering Council the sum of £7,820 (2009 - £9,144). This amount is disclosed with debtors falling due within one year.