

**THE INSTITUTE OF HEALTHCARE
ENGINEERING AND ESTATE MANAGEMENT**

REPORT AND FINANCIAL STATEMENTS

31st DECEMBER 2001



**Institute of Healthcare Engineering
and Estate Management**

Council Members Report and Financial Statements for Year Ending 31st December 2001

1. Legal and Administrative Information

(a) Name and nature of charity

The full name of the charity is "The Institute of Healthcare Engineering and Estate Management" (IHEEM). It is a company limited by guarantee (company number 895080) which was incorporated in 1967, is registered with the Charity Commissioners (registration number: 257133) and is governed by its Memorandum and Articles of Association.

(b) Members of Council

President: W.W. Murray Esq OBE CEng CIHEEM

Members: C. Astley Esq CEng FIMechE MCIBSE CIHEEM
 R.P. Boyce Esq CEng FIMechE CIHEEM
 S. Clark Esq IEng MIHEEM
 J.I. Cook Esq BSc CEng MIEE FIHEEM
 A.J. Hambidge Esq BSc MSc CBiol MIBiol FIHEEM
 N.J. Keery Esq BEng (Hons) CEng MCIBSE FIHEEM
 A.D. Lithgow Esq BSc CEng MIMechE MIHEEM
 G. Marsh Esq MSc IEng ACIBSE FIHEEM
 W.A. Mosedale Esq IEng MCIBSE FIHEEM
 R.E. Nugent Esq DipArch RIBA ACI Arb IHSM FIHEEM
 J. Parkin Esq CEng FIHEEM
 C.A. Plested Esq IEng FIHEEM
 R.J. Sear Esq BSc CEng MCIBSE FIHEEM
 D. Svenson Esq BSc CEng MIHEEM CDipAF
 J. Swinhoe Esq MBA MIHEEM
 M.C. Vincent Esq IEng FIHEEM
 D.J. Wicks Esq IEng FIHEEM

Secretary: W.R. Pym

(c) Principal address 2 Abingdon House
 Cumberland Business Centre
 Northumberland Road
 Portsmouth PO5 1DS

Auditors: Moore Stephens
 St. Paul's House
 Warwick Lane
 London EC4P 4BN

Bankers: Barclays Bank Plc
 Edgware Road W2 Branch
 127 Edgware Road
 London W2 2HT

Solicitors: Stephenson Harwood
 One St Paul's Churchyard
 London EC4M 8SH

**The Institute of Healthcare Engineering and
Estate Management**

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2. Mission

The Institute is a professional body and learned society serving the interests of those involved in and with responsibility for healthcare engineering and estate management including the design, procurement and maintenance of healthcare facilities and equipment. The Institute is established for the public benefit to promote the art and science of Healthcare Engineering and Estate Management and to advance research education and training.

3. Organisation and Policies of the Institute

The Governing Body of the Institute is the Council which consists of democratically elected members within three distinct categories for a term of three years. The Council is supported by seven subordinate committees who manage the Institute's activities in Finance, Education, Membership, Journal, Technical, Audit and International Affairs. Additionally the Institute has three specialist groups who make technical contributions to the Department of Health in the areas of engineering, architecture and sterilisation. The Institute has fifteen Branches covering the UK, the Republic of Ireland and Hong Kong. The Secretarial and administrative requirements are provided by a small staff from leasehold premises in Portsmouth, Hampshire.

4. Reserves and Risk Management

The Institute maintains reserves which the Council deems appropriate for its efficient operation and for the generation of additional income on a prudent basis.

The records of the Institute are maintained by the Secretary William Pym at the principal business address. Internal controls, appropriate for a charity of this size, have been put in place to protect its assets and ensure their proper application.

5. Review of the Period

a. Seminars

Three seminars were planned for during the year covering:

Updated Guidance on the Control of Legionella	- Wakefield
Natural Gas as a Fuel for the Future	- London
Latest Developments in Legionella Control	- London

b. Prizes

The 2001 winner of the Northcroft Silver Medal for his paper entitled "Ionisation and L8" was Mr. John Hayes, Chairman of the London Branch. The winner of the John Bolton Memorial Prize for 2001 was Mr. Mark Elton for his paper entitled "Environmental Impact Assessment and Estates Strategy".

**The Institute of Healthcare Engineering and
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c. Engineering Council

Institute activities associated with the Engineering Council remained at a high level throughout the year and included representation on the Nominations and Audit Committee, the Joint Accreditation Panel, the Joint Accreditation Board and Professional Development Forum. Other work centred on compliance with the audit requirements, preparation for the training for interviewers, participation in the audit of other institutes and promoting the Register. The year saw a heavy workload for IHEEM's CEng and IEng Professional Review Panels. As a result of the "Hawley Report", towards the end of the year the Engineering Council was replaced by the Engineering and Technology Board with a new regulatory body (which will probably be entitled "Engineering Council UK") to replace the Board of Engineers' Regulation. This transition involved IHEEM making its views heard on a number of important issues by correspondence and attending meetings. For the Institute the most significant event was Engineering Council approval for IHEEM to place members on the Register irrespective of the level of complexity involved. Hitherto IHEEM has had to rely on a bilateral agreement with one of the big four institutes to deal with complicated applications for Registration.

d. Branches

Branch Committees continued their hard work running Branch meetings, lunchtime/evening seminars, providing interview panels for new members and Engineering Council registrants, and recruiting new members. The regional Professional Engineering Institutions ceased operations at the end of March. The Northern Ireland Branch organised and ran an excellent two day regional conference, with a small exhibition, in May. Opened by the Health Minister, the conference was very well attended and the delegates received presentations on topical and technical subjects of the highest order.

e. Journal

Step Communications Ltd very successfully completed their first full year of publishing the Health Estate Journal. The increased use of colour, improved layout and an appropriate editorial to advertising ratio has led to an overall improvement in the quality of the Journal. However, the number of received technical papers from members has fallen and more articles, particularly by members, would be most welcome. Guidance for potential authors is available.

f. The Engineering Group and the Architecture Group

Towards the end of the year, the Healthcare Engineering Advisory Group (HEAG) and the Healthcare Architecture Advisory Group (HAAG) made separate recommendations to Council that both HEAG and HAAG should discontinue their activities. With the emergence of the NHS Knowledge Network Groups, all parties believed that technical contributions to the Health Service could be best delivered by working within this new system. IHEEM is represented on the Knowledge Network Engineering Group. With some reluctance, Council agreed to the dissolution of HEAG and HAAG, effective 31 December 2001.

The Institute of Healthcare Engineering and Estate Management

Council Members Report and Financial Statements for Year Ending 31st December 2001

g. IFHE

The International Federation of Hospital Engineering held its Council meeting in Hanover, Germany, in September, held in conjunction with a German national conference. Mr L G Hadley OBE, the IFHE immediate Past President, attended together with two UK representatives. The Institute proposed changes to the service contract, which were accepted by the IFHE Council, and IHEEM continued to provide the administration service for the Federation throughout the year.

h. Authorised Persons (Sterilisers)

The annual course in Advanced Sterilisation Technology was run in the early part of the year under the supervision of the AP(S) Panel and IHEEM. The course is a pre-requisite for registration as an AP(S). One new AP(S) was registered during the year bringing the total number of AP(S) to thirty three.

i. Annual Conference

The third joint NHS Estates and IHEEM conference, together with an exhibition, was run in September at the Excel Conference Centre, London Docklands. The 220 delegates enjoyed high quality presentations which were split into two streams, policy and technical. The exhibition was popular and successful. Much of the success of the Conference was due to the Speakers and Session Chairpersons who all maintained the high standards expected from demanding audiences. The sessions included:

Building a Healthier Future Together	Decontamination
Partnerships in Procurement	Leadership for the Future
The Treatment of Fire	Promoting the Patient Experience
Lift Off for Primary Care	The Future of Medical Gases
Food to Enjoy	Design for the Future

j. Elections to Council

The following will retire at the Annual General Meeting on 23 May 2002:

W A Mosedale	Nominated Member	IEng/EngTech
D J Wicks	General Member	IEng/EngTech
S Clark	Area Member	E Midlands/Anglia
G Marsh	Area Member	South/South West
N J Keery	Area Member	Northern Ireland

All candidates, W A Mosedale, D J Wicks, S Clark, G Marsh and N J Keery are eligible for re-election in their respective categories.

The following are the sole nominees in their respective category:

W A Mosedale	Nominated Member	IEng/EngTech
D J Wicks	General Member	IEng/EngTech
S Clark	Area Member	E Midlands/Anglia
G Marsh	Area Member	South/South West
N J Keery	Area Member	Northern Ireland

k. Auditors

The Institute's auditors, Moore Stephens, are willing to continue in office. A resolution for their re-appointment and authorising Council to fix their remuneration will be submitted at the Annual General Meeting.

**The Institute of Healthcare Engineering and
Estate Management**

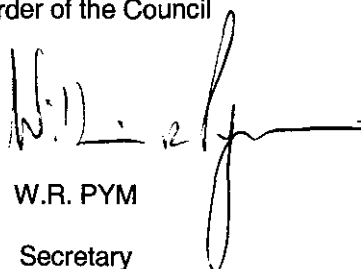
Council Members Report and Financial Statements for Year Ending 31st December 2001

6. Review of Financial Activities

The accounts show a surplus of £6,666 (2000: surplus £3,376) on the unrestricted funds and a deficit of £31 (2000: surplus of £72) on the restricted funds. The surplus for the year 2001 was affected by:

- Reduced income from seminars
- Increased costs of committee meetings
- Additional non-recurring salary costs following changes in the Institute's permanent staff

By Order of the Council



W.R. PYM
Secretary

14 March 2002

**The Institute of Healthcare Engineering and
Estate Management**

Statement of Council Members' Responsibilities

Company law requires the council members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the net incoming and outgoing resources of the company for that period. In preparing those accounts, the council members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The council members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Statement of Recommended Practice "Accounting by Charities". 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.

Report of the Auditors to
The Institute of Healthcare Engineering and
Estate Management

We have audited the financial statements on pages 8 to 14 which have been prepared under the historical cost convention modified by the revaluation of fixed assets and the accounting policies set out on page 10.

Respective Responsibilities of the Council Members and Auditors

As described on page 6 the council members are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

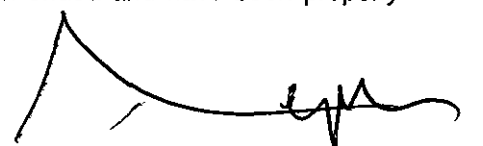
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company'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 of the state of the charitable company's affairs at 31st December 2001 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House,
London, EC4P 4BN



MOORE STEPHENS

Registered Auditor
Chartered Accountants

14th March 2002

**The Institute of Healthcare Engineering and
Estate Management**

**Statement of Financial Activity
For the year ended 31st December 2001**

	<u>Note</u>	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Total 2001</u> £	<u>Total 2000</u> £
Incoming Resources					
Subscriptions and entrance fees		153,015	-	153,015	152,304
Interest		8,175	33	8,208	9,055
Seminars, conferences and journals	2	73,226	-	73,226	84,762
Total Incoming Resources		£ 234,416	£ 33	£ 234,449	£ 246,121
Resources Expended					
Direct charitable expenditure					
Seminars, conferences and journal costs	2	57,487	-	57,487	73,651
Management and administration	3	170,263	-	170,263	154,613
Total Resources Expended		227,750	-	227,750	228,264
Net Incoming Resources		6,666	33	6,699	17,857
Property impairment adjustment		-	-	-	(14,598)
Unrealised gain/(loss) on investment assets		-	(64)	(64)	45
Net Movement in Funds		6,666	(31)	6,635	3,304
Funds balances brought forward At 1st January 2001		249,459	3,831	253,290	249,986
Fund Balance Carried Forward At 31st December 2001		£ 256,125	£ 3,800	£ 259,925	£ 253,290

**The Institute of Healthcare Engineering and
Estate Management**

Balance Sheet - 31st December 2001

	<u>Note</u>	<u>2001</u>	<u>2000</u>
Fixed Assets			
Tangible assets	6	133,651	135,001
Investments	7	661	725
		<u>134,312</u>	<u>135,726</u>
Current Assets			
Stocks	8	450	510
Debtors	9	7,721	26,767
Cash at bank and in hand		156,836	144,277
		<u>165,007</u>	<u>171,554</u>
Creditors, amounts falling due within one year	10	<u>11,378</u>	<u>22,586</u>
Net Current Assets		<u>153,629</u>	<u>148,968</u>
		<u>287,941</u>	<u>284,694</u>
Creditors, amount falling due after more than one year	11	<u>(28,016)</u>	<u>(31,404)</u>
Total Assets		<u>£ 259,925</u>	<u>£ 253,290</u>
Funds			
Restricted funds	12 and 13	3,800	3,831
Unrestricted funds	13	256,125	249,459
		<u>£ 259,925</u>	<u>£ 253,290</u>

The financial statements were approved by the Council on 14th March 2002
and signed on its behalf by

W.W. MURRAY President

W.W. Murray

**The Institute of Healthcare Engineering and
Estate Management**

Financial Statements for the year ended 31st December 2001

Notes

1. Accounting Policies

- (a) These accounts are prepared in accordance with applicable Accounting Standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" published in October 2000.
- (b) Income from subscriptions and entrance fees is only brought into account when received.
- (c) Additions and replacements of furniture and equipment are written off in the year of acquisition.
- (d) The leasehold property has been revalued by the Council at 31st December 2000 on a current use basis. With effect from 2001 depreciation is provided so as to write off the lease over its useful life.
- (e) Stock is valued at the lower of cost and net realisable value.
- (f) Fixed asset investments are shown at market value.

2. Seminars, Conferences and Journals

Incoming Resources

	<u>2001</u>	<u>2000</u>
Seminars	14,570	28,242
Conferences	45,394	-
Miscellaneous income	9,100	1,070
Journals	-	48,427
Publications and IFHE	4,162	7,023
	<hr/>	<hr/>
	£ 73,226	£ 84,762
	<hr/>	<hr/>

Resources Expended

	<u>2001</u>	<u>2000</u>
Seminars	8,083	15,806
Conferences	48,446	3,919
Journals	798	52,039
Books	100	1,887
Miscellaneous expenses	60	-
	<hr/>	<hr/>
	£ 57,487	£ 73,651
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**The Institute of Healthcare Engineering and
Estate Management**

Financial Statements for the year ended 31st December 2001

Notes (Continued)

3. Management and Administration

	<u>2001</u>	<u>2000</u>
Wages and salaries	93,883	85,883
Audit fees	5,000	5,000
Bank loan interest	2,526	3,055
Legal and professional	3,108	798
Costs of council and other meetings	31,996	29,557
Office costs	33,750	30,170
	<u>£ 170,263</u>	<u>£ 154,463</u>

4. Employees and Staff Costs

	<u>2001</u>	<u>2000</u>
Salaries and wages	80,928	74,720
Social security costs	7,365	6,883
Other pension costs	5,590	4,280
	<u>£ 93,883</u>	<u>£ 85,883</u>

The average monthly number of persons employed by the Institute during the year was

<u>4</u>	<u>4</u>
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No emoluments are payable to any member of the Council.

No employee is paid at or above £50,000 a year.

The Institute operates a defined contribution money purchase pension scheme for certain employees. The assets of the scheme are held separately from those of the Institute in an independently administered fund. The pension cost charge represents contributions payable by the Institute to the fund and amounted to £5,590 (2000: £4,280).

Council members are reimbursed actual costs necessarily incurred in attending to the charity's business at Council meetings. These reimbursed costs amounted to £14,284.

**The Institute of Healthcare Engineering and
Estate Management**

Financial Statements for the year ended 31st December 2001

Notes (Continued)

5. Interest Payable

	<u>2001</u>	<u>2000</u>
On bank loan repayable in excess of five years by instalments	£ 2,526	£ 3,055

6. Fixed Assets

	Long Leasehold Property	Office Equipment	Total
Cost or valuation			
At 1st January 2001	135,000	1	135,001
At 31st December 2001	£ 135,000	£ 1	£ 135,001
Depreciation			
At 1st January 2001	-	-	-
Charge for the year	1,350	-	1,350
At 31st December 2001	£ 1,350	£ -	£ 1,350
Net book value			
At 31st December 2001	£ 133,650	£ 1	£ 133,651
At 31st December 2000	£ 135,000	£ 1	£ 135,001

The leasehold property has been revalued by the Council at 31st December 2000 on a current use basis. This historical cost of the property is £149,598 (2000 - £149,598).

7. Fixed Asset Investments

	<u>2001</u>	<u>2000</u>
Quoted investment at market value	£ 661	£ 725
Market value at 1st January 2001	725	680
Unrealised investment (loss)/gain	(64)	45
Market value at 31st December 2001	£ 661	£ 725

**The Institute of Healthcare Engineering and
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Financial Statements for the year ended 31st December 2001

Notes (Continued)

8. Stocks

Stocks comprise only ties and are valued at the lower of cost and net realisable value.

9. Debtors

	<u>2001</u>	<u>2000</u>
Trade debtors	1,680	26,767
Other debtors	6,041	-
	<u>£ 7,721</u>	<u>£ 26,767</u>

10. Creditors: amounts falling due within one year

	<u>2001</u>	<u>2000</u>
Bank loan	3,169	2,918
Trade creditors	209	90
Other creditors	3,000	13,052
Accruals and deferred income	5,000	6,526
	<u>£ 11,378</u>	<u>£ 22,586</u>

11. Creditors: amounts falling due after more than one year

	<u>2001</u>	<u>2000</u>
Bank Loan		
Amounts repayable		
Between one and two years	3,423	3,152
Between two and five years	12,001	11,051
	<u>15,424</u>	<u>14,203</u>
 In five years or more	 12,592	 17,201
	<u>£ 28,016</u>	<u>£ 31,404</u>

The bank loan is secured on the leasehold land and buildings is repayable over a total period of twenty years and bears interest at 2.5% over base rate.

**The Institute of Healthcare Engineering and
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Financial Statements for the year ended 31st December 2001

Notes (Continued)

12. Restricted Funds

	Balance 1st January <u>2001</u> £	Movement in Resources <u>Incoming</u> £	Unrealised (Loss) on <u>Investments</u> £	Balance 31st December <u>2001</u> £
Northcroft Silver Medal Award Fund	753	33	(64)	722
Lucas Scholarship Fund	3,078	-	-	3,078
	<u>£ 3,831</u>	<u>£ 33</u>	<u>£ (64)</u>	<u>£ 3,800</u>

The income from the Award fund is restricted to the purchase of silver medals.

The scholarship fund is used for the provision of grants towards members' conferences expenses.

13. Analysis of Net Assets between Funds

	Tangible Fixed <u>Assets</u> £	<u>Investments</u> £	Net Current <u>Assets</u> £	<u>Total</u> £
Restricted Funds				
Northcroft Silver Medal Award Fund	-	661	61	722
Lucas Scholarship Fund	-	-	3,078	3,078
	<u>-</u>	<u>661</u>	<u>3,139</u>	<u>3,800</u>
Unrestricted Funds	133,651	-	122,474	256,125
	<u>£ 133,651</u>	<u>£ 661</u>	<u>£ 125,613</u>	<u>£ 259,925</u>