

895080

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

REPORT AND FINANCIAL STATEMENTS

31st DECEMBER 2002



**Institute of Healthcare Engineering
and Estate Management**

Council Members Report and Financial Statements for Year Ending 31st December 2002

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 (Registered 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: P Wearmouth CEng FIHEEM

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

Chief Executive: 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
Marble Arch Corporate Banking Group
P O Box 32000
London NW1 2ZJ

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

The Institute of Healthcare Engineering and Estate Management

Council Members Report and Financial Statements for Year Ending 31st December 2002

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. 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. As part of the charity's income is generated in the second half of the year, a level of free reserves of £97,000 and equating to six months management, administration and journal production expenses is considered appropriate. The actual free reserves exceeded the required level and amounted to £147,503 which will permit increased expenditure on membership promotion.

The Council regularly monitors and discusses the opportunities available to the charity and the risks to which it is exposed.

As part of this process The Council has implemented a risk management strategy which comprises:

- The establishment of systems and controls to mitigate the risks identified.
- The implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise.
- An annual review of the risks which the charity may face and the implementation of any changes to the controls that might be deemed necessary.

5. **Review of the Period**

a. Seminars

Five seminars were held during the year covering:

Legionella within Building Water Systems	London
Environmental Management	London
Engineering for Healthcare	Wolverhampton, Wakefield, London

b. Prizes

The 2002 winner of the Northcroft Silver Medal for his paper entitled "Upgrading the Patient Environment" was Mr. Graham Perry, FIHEEM, NHS Estates specialist projects.

**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 Quality Assurance Committee, the Joint Accreditation Panel, and Professional Development Forum. Other work centred on compliance with the audit requirements, the provision of training for interviewers, participation in the audit of other institutes and promoting the Register. The year saw a heavy workload for the Membership Committee and the Professional Review Panels with increased documentation and mounting SARTOR compliance issues. The year saw the consolidation of the new system with two new bodies; the Engineering and Technology Board (ETB) responsible for promotion and the Engineering Council (UK) responsible for registration. The transition period involved considerably increased correspondence and additional meetings.

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 Scottish Branch organised and ran an excellent two day regional conference, with a small exhibition, in October. 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 continued to publish the Health Estate Journal throughout the year. The Journal remains attractive, popular and informative but more technical papers are still needed from members. Guidance for potential authors is available.

f. IFHE

The International Federation of Hospital Engineering held its 17th Congress and Council meeting in Bergen, Norway, in May. The Congress was well attended and successful. J Cook, R Browne and L G Hadley OBE, (IFHE Past President), represented IHEEM and the UK at the IFHE Council meeting at which J Cook was elected to serve on the Executive Committee as IFHE Treasurer. IHEEM continued to provide the administration service for the Federation throughout the year.

g. Authorised Persons (Sterilisers)

The annual course in Advanced Sterilisation Technology was run in the autumn 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). Two new AP(S) were registered during the year bringing the total number of AP(S) to thirty four. Much of the work during the year was concerned with the alignment of sterilisation issues with NHS Estates' decontamination project and the management of critical engineering services. It is likely that 2003 will see a change to the role, responsibilities and title of the AP(S).

**The Institute of Healthcare Engineering and
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h. Annual Conference

The fourth joint NHS Estates and IHEEM conference, together with an exhibition, was run in November at the Harrogate International Conference Centre, Harrogate. Conference delegates enjoyed high quality presentations, which were split into up to four parallel sessions, the patient experience, planning & design, and two technical streams, which totalled over 50 papers in 28 different sessions. The exhibition was popular, with over 100 companies participating, and successful and included for the first time exhibitor/supplier presentations in addition to the main conference programme. The conference and exhibition attracted 450 delegates, the highest number recorded in recent years. 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.

i. Elections to Council

The following will retire at the Annual General Meeting on 13th May 2003.

C Astley	General Member	
R P Boyce	General Member	
D Kerr	General Member	Appointed
R E Nugent	General Member	Non-Engineer
A D Lithgow	Branch Member	Scotland
R J Sear	Branch Member	West Midlands

C Astley, R P Boyce, D Kerr and R E Nugent are eligible for re-election or election in their respective categories. A D Lithgow and R J Sear are not eligible for re-election as Branch Members.

The following are the sole nominees in their respective category:

C Astley	General Member	
R P Boyce	General Member	
D Kerr	General Member	Appointed
R E Nugent	General Member	Non-Engineer
D L C Browning	Branch Member	Scotland
D L Hall	Branch Member	West Midlands

j. 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.

k. Membership

Membership numbers again showed a small loss for the year and the overall trend over the last 10 years is a slow decline in numbers averaging about a loss of 20 per year. Initiated by W W Murray, OBE, during his time as President, Council and the Executive Committee continued development of the plans to make the Institute more attractive to potential members. Work will continue in 2003.

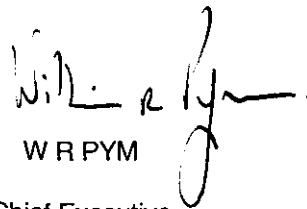
**The Institute of Healthcare Engineering and
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Council Members Report and Financial Statements for Year Ending 31st December 2002

6. Review of Financial Activities

The accounts show a surplus of £24,407 (2001: surplus £6,699) on the unrestricted funds and a surplus of £67 (2001: deficit of £64) on the restricted funds. The encouraging surplus for the year 2002 was principally the result of a very successful conference.

By Order of the Council

A handwritten signature in black ink, appearing to read 'W R PYM', with a stylized flourish extending to the right.

Chief Executive

11 March 2003

**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.

**Independent Auditors' Report to the Members of
The Institute of Healthcare Engineering and
Estate Management**

We have audited the financial statements of The Institute of Healthcare Engineering and Estate Management for the year ended 31st December 2002 set out on pages 8 to 14. These financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed assets and the accounting policies set out on page 10.

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors.

As described in the Statement of Trustees' Responsibilities the charitable company's trustees are responsible as trustees for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31st December 2002 and of its incoming resources and application, 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

11th March 2003


MOORE STEPHENS

Registered Auditor
Chartered Accountants

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

**Statement of Financial Activity
For the year ended 31st December 2002**

	<u>Note</u>	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Total 2002</u> £	<u>Total 2001</u> £
Incoming Resources					
Subscriptions and entrance fees		154,207	-	154,207	153,015
Interest		5,821	-	5,821	8,208
Seminars, conferences and publications	2	111,962	-	111,962	73,226
Total Incoming Resources		£ 271,990	£ -	£ 271,990	£ 234,449
Resources Expended					
Direct charitable expenditure					
Seminars, conferences and publication costs	2	72,884	-	72,884	57,487
Management and administration	3	174,699	-	174,699	170,263
Total Resources Expended		247,583	-	247,583	227,750
Net Incoming Resources		24,407	-	24,407	6,699
Unrealised gain/(loss) on investment assets		-	67	67	(64)
Net Movement in Funds		24,407	67	24,474	6,635
Funds balances brought forward					
At 1st January 2002		256,125	3,800	259,925	253,290
Fund Balance Carried Forward At 31st December 2002		£ 280,532	£ 3,867	£ 284,399	£ 259,925

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

Balance Sheet - 31st December 2002

	<u>Note</u>	<u>2002</u>	<u>2001</u>
Fixed Assets			
Tangible assets	6	132,301	133,651
Investments	7	728	661
		<u>133,029</u>	<u>134,312</u>
Current Assets			
Stocks	8	420	450
Debtors	9	16,034	7,721
Cash at bank and in hand		202,237	156,836
		<u>218,691</u>	<u>165,007</u>
Creditors, amounts falling due within one year	10	<u>43,429</u>	<u>11,378</u>
Net Current Assets		<u>175,262</u>	<u>153,629</u>
		308,291	287,941
Creditors, amount falling due after more than one year	11	<u>(23,892)</u>	<u>(28,016)</u>
Total Assets		<u>£ 284,399</u>	<u>£ 259,925</u>
Funds			
Restricted funds	12 and 13	3,867	3,800
Unrestricted funds	13	280,532	256,125
		<u>£ 284,399</u>	<u>£ 259,925</u>

The financial statements were approved by the Council on 11th March 2003
and signed on its behalf by

P. WEARMOUTH

President

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

Financial Statements for the year ended 31st December 2002

Notes

1. Accounting Policies

- (a) These accounts are prepared under the historical cost convention as modified by the revaluation of fixed assets, 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 entrance fees and conferences is only brought into account when received.
- (c) Additions and replacements of furniture and equipment totalling over £3,000 pa are written off over their estimated useful life using a depreciation rate of 25% pa on written down value. Additions below this amount 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.
- (g) Pension contributions are written off when incurred.
- (h) Liabilities are recognised on an accruals basis.

2. Seminars, Conferences and Journals

Incoming Resources

	<u>2002</u>	<u>2001</u>
Seminars	13,517	14,570
Conferences	81,096	45,394
Miscellaneous income	2,644	9,100
Publications and IFHE	14,705	4,162
	<hr/>	<hr/>
£	111,962	£ 73,226
	<hr/>	<hr/>

Resources Expended

	<u>2002</u>	<u>2001</u>
Seminars	7,642	8,083
Conferences	57,678	48,446
Publications	7,534	798
Books	-	100
Miscellaneous expenses	30	60
	<hr/>	<hr/>
£	72,884	£ 57,487
	<hr/>	<hr/>

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

Financial Statements for the year ended 31st December 2002

Notes (Continued)

3. Management and Administration

	<u>2002</u>	<u>2001</u>
Wages and salaries	89,935	93,883
Audit fees	5,000	5,000
Bank loan interest	1,909	2,526
Legal and professional	3,415	3,108
Costs of council and other meetings	38,841	31,996
Office costs	35,599	33,750
	<hr/>	<hr/>
	£ 174,699	£ 170,263
	<hr/>	<hr/>

4. Employees and Staff Costs

	<u>2002</u>	<u>2001</u>
Salaries and wages	78,504	80,928
Social security costs	6,721	7,365
Other pension costs	4,710	5,590
	<hr/>	<hr/>
	£ 89,935	£ 93,883
	<hr/>	<hr/>
The average monthly number of persons employed by the Institute during the year was	<hr/> 4 <hr/>	<hr/> 4 <hr/>

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 £4,710 (2001: £5,590).

Council members are reimbursed actual costs necessarily incurred in attending to the charity's business at Council meetings. These reimbursed costs amounted to £14,371.

**The Institute of Healthcare Engineering and
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Financial Statements for the year ended 31st December 2002

Notes (Continued)

5. Interest Payable

	<u>2002</u>	<u>2001</u>
On bank loan repayable in excess of five years by instalments	£ 1,909	£ 2,526

6. Fixed Assets

	Long Leasehold Property	Office Equipment	Total
Cost or valuation			
At 1st January 2002	135,000	1	135,001
At 31st December 2002	£ 135,000	£ 1	£ 135,001
Depreciation			
At 1st January 2002	1,350	-	1,350
Charge for the year	1,350	-	1,350
At 31st December 2002	£ 2,700	£ -	£ 2,700
Net book value			
At 31st December 2002	£ 132,300	£ 1	£ 132,301
At 31st December 2001	£ 133,650	£ 1	£ 133,651

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 (2001 - £149,598). The Council is not aware of any material changes to this value since the last valuation.

7. Fixed Asset Investments

	<u>2002</u>	<u>2001</u>
Quoted investment at market value	£ 728	£ 661
Market value at 1st January 2002	661	725
Unrealised investment gain/(loss)	67	(64)
Market value at 31st December 2002	£ 728	£ 661

**The Institute of Healthcare Engineering and
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Financial Statements for the year ended 31st December 2002

Notes (Continued)

8. Stocks

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

9. Debtors

	<u>2002</u>	<u>2001</u>
Trade debtors	16,034	1,680
Other debtors	-	6,041
	<hr/>	<hr/>
	£ 16,034	£ 7,721
	<hr/>	<hr/>

10. Creditors: amounts falling due within one year

	<u>2002</u>	<u>2001</u>
Bank loan - current portion	3,470	3,169
Trade creditors	28,170	209
Other creditors	3,000	3,000
Accruals and deferred income	8,789	5,000
	<hr/>	<hr/>
	£ 43,429	£ 11,378
	<hr/>	<hr/>

Trade creditors in 2002 include a liability of £28,011 to NHS Estates in respect of the joint conference.

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

	<u>2002</u>	<u>2001</u>
Bank Loan		
Amounts repayable		
Between one and two years	3,747	3,423
Between two and five years	12,788	12,001
	<hr/>	<hr/>
	16,535	15,424
	<hr/>	<hr/>
In five years or more	7,357	12,592
	<hr/>	<hr/>
	£ 23,892	£ 28,016
	<hr/>	<hr/>

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 2002

Notes (Continued)

12. Restricted Funds

	Balance 1st January 2002 £	Movement in Resources Incoming £	Unrealised Gain on Investments £	Balance 31st December 2002 £
Northcroft Silver Medal Award Fund	722	-	67	789
Lucas Scholarship Fund	3,078	-	-	3,078
	<u>£ 3,800</u>	<u>£ -</u>	<u>£ 67</u>	<u>£ 3,867</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 Assets £	Investments £	Net Current Assets £	Total £
Restricted Funds				
Northcroft Silver Medal Award Fund	-	728	61	789
Lucas Scholarship Fund	-	-	3,078	3,078
	<u>-</u>	<u>728</u>	<u>3,139</u>	<u>3,867</u>
Unrestricted Funds	132,301	-	148,231	280,532
	<u>£ 132,301</u>	<u>£ 728</u>	<u>£ 151,370</u>	<u>£ 284,399</u>