

The EngineeringUK Group
Report and Financial Statements
For The Year Ended
31 December 2009

CHARITY NO: 1089678
COMPANY NO: 4322409

THURSDAY



AF0WMN2W

A34

02/09/2010

392

COMPANIES HOUSE

The EngineeringUK Group
Report and Financial Statements
For The Year Ended
31 December 2009

INDEX

	Page
Legal and Administrative Information	1 to 2
Report of the trustees	3 to 7
Report of the independent auditors	8
Financial Statements	9 to 25

Legal and Administrative Information

CONSTITUTION

EngineeringUK is the working name adopted by the Engineering and Technology Board (ETB) in December 2009. ETB is a charitable company limited by guarantee (Company No 4322409), incorporated on 14 November 2001 and registered as a charity (Charity Registration No 1089678) on 6 December 2001. The address of the principal and registered office is 246 High Holborn, London WC1V 7EX.

The members of the Board excluding the Chief Executive (CE) are deemed to be the trustees. The CE is a director of the company but not a trustee of the charity. The Board meets six times a year. Members of the Company are Board members, the members of Electoral Colleges, and such other persons who may be admitted as members by the Company in general meeting. There are currently 140 members. There are three electoral colleges, College A, consisting of persons representing Engineering Institutions (PEIs) licensed by Engineering Council (EC), College B, consisting of persons representing not-for-profit or public organisations and College C, consisting of persons representing companies and businesses. EngineeringUK has in place committees and panels to which it has formally delegated specific functions. The day to day activities are managed by the Executive Team. There is a Nominations and Remuneration Committee (N&RC), and an Audit Committee (AC).

Trustee Recruitment and Appointment

Arrangements for all trustee appointments are overseen by the N&RC whose recommendations are referred to the Board for approval. The Chairman of the Board is recruited through a process of newspaper advertisement and recommendation. The Chairman of EC is an ex officio member of the Board and appointed through a process specified by EC. Members of the electoral colleges elect six persons for nomination from amongst their number. The Institution of Engineering and Technology (IET), the Institution of Civil Engineers (ICE) and the Institution of Mechanical Engineers (IMechE), being the three largest PEIs, and the Royal Academy of Engineering nominate members of their Councils or their Chief Executives by a process specified by each body. Appointment of other Board members is through recommendation.

MEMBERS OF BOARD AND TRUSTEES	Method of Appointment	Committee and Panel Membership
The trustees serving during the year and since the year end were		
Sir Anthony Cleaver	Board	(N&RC - Chairman)
Lynda Armstrong	College C	(N&RC)
Christine Braddock (appointed 19 June 2009)	Board	
David Brown (appointed 19 June 2009)	College A	
Professor Derek Bell	Board	(N&RC)
Richard Elsy	College C	
Professor Kel Fidler	Ex officio	
Nigel Fine (appointed 18 June 2009)	PEI – IET	(AC)
Tom Foulkes	PEI – ICE	
Iain Gray	College B	(N&RC)
Philip Greenish	RAEng	(AC)
Paul Jackson (CE, not a trustee – appointed 5 January 2009)	Board	
Sir Alan Jones	Board	(AC)
Louise Kingham (appointed 19 June 2009)	College A	
Nelson Ogunshakin	College B	(AC)
Sandi Rhys Jones	Board	
Stephen Tetlow (appointed 20 May 2009)	PEI – IMechE	(N&RC)
Professor William Banks (resigned 19 May 2009)	PEI – IMechE	(N&RC)
Stephen Matthews (resigned 18 June 2009)	College A	
Robin McGill (resigned 20 May 2009)	PEI – IET	(AC)
Keith Read (resigned 18 June 2009)	College A	
Professor Christopher Snowden (resigned 18 June 2009)	Board	(N&RC)

Member of Audit Committee (AC), Member of Nominations and Remuneration Committee (N&RC)

The EngineeringUK Group

Trustee Induction and Training

New trustees are provided with a Trustees Induction Pack that includes details of their legal responsibilities under charity and company law, the Memorandum and Articles of Association, Board Regulations, operational and financial information and recent Board minutes. They are also introduced to and briefed by senior staff.

EXECUTIVE TEAM

The Board delegates the day to day running of the company to the Executive Team, led by the Chief Executive. The Executive Team operates in accordance with the Strategic/Business Plan and Annual Budget approved by the Board. Expenditure authority limits have been set by the Board. Up to date financial and operational reports are presented to the Board at each of its meetings. Members of the Executive Team are:

Paul Jackson, CE and Board member
Beth Elgood, Director Communications
Bill Falkenau, Chief Finance Officer and Company Secretary
John Halton, Director Business & Industry
Adrian Talbot, Director Organisational Development

PROFESSIONAL ADVISERS

AUDITORS

PKF (UK) LLP, Farringdon Place, 20 Farringdon Road, London EC1M 3AP

BANKERS

HSBC Bank plc, 165 Fleet Street, London EC4A 2DY

INSURANCE BROKERS

Aon Consulting Limited, Briarcliff House, Kingsmead, Farnborough, Hampshire GU14 7TE

SOLICITORS

Bates Wells & Braithwaite London LLP, 2-6 Cannon Street, London EC4M 6YH
Manches, Aldwych House, 81 Aldwych, London WC2B 4RP

INVESTMENT ADVISORS

Throughout 2009 UBS Wealth Management of 1, Curzon Street, London W11 5UB acted as investment advisors. Their appointment ceased on 1 March 2010 and the appointment of new advisors is in hand.

PENSION AND STAFF BENEFITS

3 sixty financial limited, Media House, 4 Stratford Place, London W1C 1AT

The EngineeringUK Group

Report of the trustees for the year ended 31 December 2009

Introduction

I present this report, as Chairman, on behalf of the trustees, who are also directors of the company for the purposes of the Companies Act. Legal and administrative information set out on pages 1 and 2 form part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities issued in 2005.

Objects of the charity

The objects of EngineeringUK are set out in its Memorandum and Articles of Association. These are:

- a) to promote for the public benefit the art and science of engineering in all its applications in the context of modern technology,
- b) to advance education in engineering and technology.

EngineeringUK is obliged to act only within the purposes set out in its Memorandum and Articles of Association. The way in which we seek to achieve the aims and objectives is set out below.

Public Benefit

The trustees have noted the duty in Section 4 of the Charities Act 2006 and given regard to the Charity Commission's guidance on public benefit. The objects above and activities reported below have been reviewed against the Charity Commission principles and are assessed to fully meet the requirement to provide identifiable benefits to the public, or a section of the public. The Review of Activities and Future Developments below reports upon actions being taken, or to be taken, by EngineeringUK, in furthering its charitable purposes for the public benefit.

Review of activities in 2009

During the year EngineeringUK focused its activities on working with others to deliver programmes that have an impact on the perception and supply of engineers in the UK. These programmes are designed to be targeted, sustainable and scalable and subject to robust measurement and evaluation.

2009 Big Bang UK Young Scientists & Engineers Fair The Big Bang Fair brought together, in a single event, existing celebrations of young people's achievements in science and engineering across the UK, including the most established of these, the British Science Association CREST awards celebration and the Young Engineers' final event. Led by EngineeringUK and with considerable support from the science and engineering communities, these celebrations were brought together, and built upon, under the umbrella of The Big Bang Fair, with the aim of promoting UK science and engineering generally, and inspiring students to take science, technology, engineering and mathematics (STEM) subjects and pursue STEM careers. The Fair was held between 4th and 6th March 2009 at the QEII Conference Centre, Westminster, London and was visited by almost 6,500 young people, teachers, representatives from science and engineering organisations and employers, Government Ministers, Members of Parliament and Peers. Students enjoyed a broad range of activities and exhibits from sponsors and the science, technology, engineering and mathematics community, all of them demonstrating the excitement and opportunities of the sector. Speed networking in the careers zone let young people get to the heart of being a scientist or engineer, whilst theatre shows entertained and informed. There was a real buzz in the air as young people discovered the extent of The Big Bang – seven floors of science and engineering all geared to their age group and interests. For many the competition provided the highlight of the event, with everyone who visited the competitors' stands impressed by the students' creativity and innovation. Sheffield Hallam University carried out a full evaluation of the event, finding that almost 90% of visitors said they would visit the Fair in the future and providing invaluable steers for the development of the Fair.

National Science and Engineering Week 2009 took place immediately after the Big Bang. This was the third year in which the Week, organised by the British Science Association, with EngineeringUK's support, was widened to include engineering. Almost 700 engineering related events took place during the week.

Tomorrow's Engineers EngineeringUK and the Royal Academy of Engineering worked together to develop a co-ordinated and focused programme of STEM enhancement and enrichment activities targeted at schools and colleges (5-19yrs old). The culmination of activities in 2009 was the formation of the Tomorrow's Engineers Programme Board with the support from Lloyd's Register Educational Trust and the signing of Grant Offers for delivery of activities to schools in England with five STEM providers and Memorandums of Understanding with three delivery partners for Wales, Scotland and Northern Ireland in preparation for the launch of the programme in January 2010.

Engineers Make it Happen The aim of this initiative was to improve the supply of newly-educated engineers to meet skills demands within industry by improving the retention of those who study engineering. The primary focus

The EngineeringUK Group

was Further Education. The programme comprised a combination of targeted interventions, including inspirational lectures and work experience for students, Continuing Professional Development (CPD) placements for lecturers, and a complementary messaging and branding campaign. First assessments of the outcome were undertaken in the autumn of 2009 with inconclusive results. It is likely that key elements of this programme will in future be pursued as part of the Tomorrow's Engineers.

Engineering UK 2009/10 EngineeringUK's full annual digest of data on engineers and engineering was published in December, with an official launch at the House of Commons, coinciding with the launch of the new working name for the organisation. The report painted a promising picture for engineering in the current political and economic climate. The report contained research that showed increased approval ratings for engineering as a profession, demonstrated an increase in engineering salaries and highlighted that long term demand for engineers remains high, with a need to recruit over half a million (587,000) manufacturing workers with state-of-the-art-skills by 2017. The new name to replace the ETB was chosen to support continued efforts to reposition EngineeringUK as a leading organisation in the delivery of sustainable UK-wide, partner driven programmes that have the necessary reach and impact to make a significant difference with the right people at the right time.

Stakeholder Satisfaction Survey The survey of key stakeholders, conducted in the summer of 2009 by consultants Open Road, was a follow up to a similar survey conducted in 2007. The results were very encouraging. Overall, on a scale of five, the satisfaction 'score' had increased from an average of 2.7 to an average of 3.5. This represented a significant vote of confidence in the work undertaken by the organisation over the past two years. The survey also indicated that the time was right to change the name of the organisation to align it more clearly with its aims and goals. The new name, EngineeringUK, was well received at its launch in December 2009. At this stage, it is a working name. The formalities to adopt it as the legal name will be progressed during 2010.

Party conferences EngineeringUK worked in partnership with the Royal Academy of Engineering, IET, IChemE, IMechE and IoP as the Engineering the Future alliance to deliver a programme of fringe events, organised by think tank Reform, at the Conservative, Labour and Liberal Democrat party conferences in autumn 2009. "*Picking winners. Can engineering succeed where finance failed?*" drew an impressive speaker list and saw lively debates at each conference, helping to raise the profile of engineering and encourage national debate.

Engineers and Engineering Brand Monitor and Supply of Engineers Monitor Work continued on the Engineers and Engineering Brand Monitor and the Supply of Engineers Monitor. These provide benchmarks which allow the ready measurement of the effectiveness of EngineeringUK's and other promotional activities. Results included a 19% increase since June 2008 in the number of the general public that would recommend a career in engineering and an 8% increase in the general public and a 6% increase in the number of parents and guardians who regard engineering as a 'desirable' or 'very desirable' career.

EngineeringUK works with three panels of engineering professionals drawn from across industry, education and the professional engineering institutions to advise and inform policy making.

The **Professional Panel**, chaired by David Brown, Chief Executive of the Institution of Chemical Engineers, was established in April 2009 and is constituted of the thirty six Chief Executives, or their representatives, of the Engineering Council licensed Engineering Institutions. It meets at least once a year in plenary session involving all thirty six members. A Panel Committee of fifteen members meets four times a year. The panel advises EngineeringUK on issues relevant to the development of the Profession in order to inform EngineeringUK activities and to recommend appropriate actions. It provides the Institutions with a forum in which to debate and implement matters of common interest and benefit to the Profession and Society.

The **Business & Industry Panel**, chaired by Iain Gray, Chief Executive of the Technology Strategy Board represents a cross-section of industry sectors whose representatives provide advice, guidance and support to key programmes underway at EngineeringUK. During 2009 the Panel met on four occasions. It gave support and advice to EngineeringUK's work, particularly with regard to the Big Bang Fair and the Tomorrow's Engineers programme.

The **Education and Skills Panel**, chaired by Dr Christine Braddock, Principal and Chief Executive of Birmingham Metropolitan College provides high level strategic guidance and advice to EngineeringUK on changes to education policy related to engineering and monitors and assesses the skills needs for engineering now and in the future. A major area of focus has been the Engineering Diploma.

ISO 9001 and Investors in People Accreditation EngineeringUK's ISO 9001 registration for its management processes was re-certified in 2009 and Investors in People accreditation achieved in December 2009. This reinforces EngineeringUK's aim to maintain systems of the highest standard and staffing resource equipped to meet the organisation's needs.

The EngineeringUK Group

Future Developments - 2010

The purpose and strategic goals of EngineeringUK are

Our Purpose

To promote the vital role of engineers, engineering and technology in our society and to inspire people to pursue careers at all levels in engineering and technology

Our Strategic Goals

- To improve the perception of engineers and engineering
- To improve the supply of engineers

Summary of 2010 activity

If EngineeringUK is to have a material impact on perceptions and supply, the scale of interventions must be national or capable of expansion to cover a significant part of the UK. Our ambition is to grow the scale of interventions through working with others to leverage their inherent strengths and assets. To meet our strategic goals, EngineeringUK will build upon our successful activities in 2009.

The Big Bang UK Young Scientists and Engineers Fair 2010 Over 22,500 people experienced the UK's biggest single celebration of science and engineering for young people from 11th to 13th March 2010, including well over 15,000 children and young people and 4,000 teachers, parents and guardians – more than triple the number of visitors to last year's event. Involving over 110 organisations from across the private, public and voluntary sectors, and reaching out to schools and students across the country, The Fair represented an unprecedented partnership of the UK's science and engineering communities, and demonstrated a real desire to come together to celebrate and raise the profile of young people's achievements in science and engineering. Once again, the National Science and Engineering Competition proved a real highlight, with competitors' stands integrated within the show floor as a whole, giving visitors the opportunity to talk to the scientists and engineers of tomorrow, alongside corporate and institutional sponsors. The Big Bang careers awareness programme developed by EngineeringUK and The Science Council in partnership with the Department for Children, Schools and Families involved careers networking events, an interactive careers quest, co-ordinated careers resources, and a series of live panel debates. The Big Bang received high profile support including Lord Mandelson and HRH The Duke of Kent as well as attracting considerable media interest from a wide range of broadcast, print and online media, including BBC News, the Today programme, 'First News' weekly newspaper for children, the Times, Daily Mail and regional news networks across the UK. Regional Big Bang Fairs will take place across the country in June and July this year, with winners invited to attend the national Fair in 2011. Planning is already underway for next year's event, which will take place at London's ExCel Centre from 10th to 12th March 2011.

The collaborative nature of Big Bang and its growing size in relation to other EngineeringUK activities has resulted in a decision to run the Big Bang through a wholly owned subsidiary community interest company - Big Bang Education CIC. The first directors of the CIC will be the current members of the Big Bang programme board, nominees from the various bodies involved in organising the event.

National Science and Engineering Week (NSEW) 2010 EngineeringUK works in partnership with the British Science Association, PEIs and other stakeholders to increase participation in and awareness of engineering events during NSEW. Together with the British Science Association, we put together the NSEW Event Awards Scheme in order to encourage and recognise brilliance and originality in public engagement and science outreach during the Week.

Tomorrow's Engineers This is co-funded by EngineeringUK, Lloyd's Register Educational Trust and the Royal Academy of Engineering and aims to improve the co-ordination and delivery of engineering enhancement and enrichment activities to young people aged 5-19. The programme focuses on fostering innovation and collaboration within existing schemes, helping them widen access to new schools and areas – particularly those not currently engaged with engineering enhancement and enrichment programmes, and ensuring the impact of these schemes, by directly funding activities to approx 30,000 children in 2010 and by ensuring these are independently evaluated. In January 2010 the programme was launched to schools, the STEM community and new sponsors.

Communications Strategy With its core focus centred on promotion and inspiration, EngineeringUK is all about communication. In support of the organisation's goals we have developed a strategy that puts young people ("learners") at the centre of all our activity, identifying how we communicate with them both directly and indirectly via those who influence them most. Consistent with EngineeringUK's collaborative approach, our approach to communications is to work with other organisations where appropriate to achieve synergies. Different audience segments require targeted messages via varied communications channels, leading to EngineeringUK broadening the range and potentially changing the emphasis of, for example, its media engagement, including a new emphasis

The EngineeringUK Group

on the mainstream/consumer media landscape and recognition of the variety of media consumed by young people, much of which is online and often informed by "word of mouth"

Engineering UK 2010/11 The digest on the supply of and demand for labour in engineering and technology in the UK will be published again in December and will build on the 2009/10 edition

Engineers and Engineering Brand Monitor The production of these benchmarks for a third year will provide valuable information that guides EngineeringUK's work and measures progress in achieving our aims

Review of Financial Position

Statement of Financial Activities (Page 9)

The statement shows Incoming Resources for the period of £7 962M Of this some £7 733M was generated by EngineeringUK's ongoing activities as detailed in Note 2 on page 14 of the notes to the Accounts The balance is investment and trading subsidiary income Total Resources expended were £7 941M Details are given under note 5 on page 15 The surplus of income over resources expended is therefore £0 021M The market value of investments increased by £0 139M over the year Net adjustments arising from the application of FRS17 reporting for defined benefit pension scheme obligations reduced reserves by £0 094M The total funds at 31 December 2009 were therefore £2 574M, of which £0 012M was restricted

Balance Sheet (Page 10)

The Total Fund comprises -	£M
Net Current Assets less Provisions	1 735
Investments	<u>0 701</u>
Funds available to pursue aims & objectives	2 436 (95%)
Tangible Fixed Assets	<u>0 138</u> (5%)
Total Fund	<u>2 574</u> (100%)

The values of the Fund's assets are not considered to be materially different from the amounts shown in the accounts Deposits and cash were £1 622M at the year end The Board considers that the Balance Sheet at 31 December 2009 is an adequate base from which to proceed

Subsidiaries

EngineeringUK has a limited company, Scenta Limited as subsidiary The purpose of the company is to protect the name for website purposes and also, as Charity rules do not permit charities to trade in activities outside their objects, to undertake any trading In 2009 activities have been undertaken that are regarded as outside the charitable objects and these, therefore, have been dealt with through the subsidiary Scenta Limited had an income of £208,000 Consolidated accounts have been prepared

Related parties

Engineering Council, STEMNET and Semta are deemed related parties Full details of the relationships and transactions are covered under note 6, page 15 of the Accounts The relationships do not involve any body exercising control or management over the activities of another

Reserves policy and risk management

As required under the Charity Commission's Statement of Recommended Practice (SORP 2005) for the preparation of the Trustees' Annual Report and Financial Statements, an exercise has been undertaken to identify the major risks facing the Company This covered areas such as major reductions in income and investments, unforeseen costs and liabilities, loss of some or all key staff, catastrophic systems failure and destruction of resources None of the risks are so significant that they should threaten the survival of the company Contingency plans have been made to help mitigate the effects of any adverse circumstances or situations The information from the exercise has assisted in the setting of investment and reserves policies At 31 December 2009, EngineeringUK held unrestricted reserves in the region of £2 6m, equivalent to 4 months of ongoing expenditure, which is in line with policy It is policy that reserves be maintained at a level considered by the Board to be sufficient to ensure funds are always available to meet liabilities without borrowing, taking account of inflation It is considered that the current level of reserves remains sufficient to meet this

Grant Making Policy

EngineeringUK awards grants to support organisations and activities that develop and promote its aims and objectives Generally, grants are conditional upon the outcome of measurable performance or achievements

The EngineeringUK Group

Investment Policy and Financial Risk Management

The investment of surplus monies is governed by paragraph 4(18) of the Memorandum and Articles of Association. During 2009 there were no purchases of investments. The policy for investing funds has been considered and it is viewed that a mix of equity based trusts, gilts and cash holdings will best meet requirements for both income and capital growth. Investment advisors are being recruited with a view to providing advice on how this should be achieved. It is confirmed that the investments held were acquired in accordance with powers available to the trustees. The performance of the equities during the period was in line with the stock market generally.

EngineeringUK has debtors and creditors on normal terms. Other than operating leases, it is not involved in any form of borrowing. All its transactions are in sterling. It uses no other financial instruments and does not use financial instruments as part of its financial risk management and has no policy or plans to do so in the future.

Statement of trustees' responsibilities

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and the parent charity and of the incoming resources and application of resources, including the net income or expenditure, of the group for the year. In preparing those 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, 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 business.

The trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the group and the parent charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Information to Auditors

Each of the directors has confirmed that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and that they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Appointment of Auditors

A resolution for the reappointment of PKF (UK) LLP will be proposed at the annual meeting for the ensuing year.

Chairman of the Board

My term as Chairman will come to an end in August. Arrangements are in hand to appoint a replacement. I am pleased, as evidenced by the outcome of the stakeholder satisfaction survey, that significant progress and success has been achieved during my term as Chairman. I look forward to introducing my successor and saying my farewells at the Annual General Meeting in June.



Sir Anthony Cleaver
Chairman

Approved by the Board on 27 April 2010 and signed on its behalf

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ENGINEERING AND TECHNOLOGY BOARD

We have audited the financial statements of The Engineering and Technology Board for the year ended 31 December 2009 which comprise the consolidated statement of financial activities, the consolidated and parent charity balance sheets, the consolidated charity cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the parent charity's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent charity's members 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 parent charity and the parent charity'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

The responsibilities of the trustees (who are also the directors of the company for the purposes of company law) for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') and for being satisfied that the financial statements give a true and fair view are set out in the statement of trustees' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006.

We also report to you whether in our opinion the information given in the trustees' annual report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the financial statements are not in agreement with those accounting records, if we have not received all the information and explanations we require for our audit or if certain disclosures of trustees' remuneration specified by law are not made.

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

Basis of audit opinion

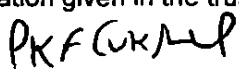
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

We planned and performed our audit so as to obtain all the information and explanations 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 group's and the parent charity's affairs as at 31 December 2009 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the trustees' annual report is consistent with the financial statements.

David Pomfret 
Senior statutory auditor
For and on behalf of PKF (UK) LLP, Statutory auditors
London, UK

12 May 2010

The EngineeringUK Group

**Consolidated Statement of Financial Activities (incorporating an Income and Expenditure Account) for
the Year Ended 31 December 2009**

		Unrestricted Funds £000	Restricted Funds £000	Total Funds 2009 £000	Total Funds 2008 £000
	Note				
INCOMING RESOURCES					
Activities in furtherance of the charity's objects					
Registration fees, grants and other income	2	5,767	1,966	7,733	6,071
Activities for generating funds					
Trading income	3	207	-	207	196
Investment Income	4	22	-	22	105
Total Incoming Resources		<u>5,996</u>	<u>1,966</u>	<u>7,962</u>	<u>6,372</u>
RESOURCES EXPENDED					
Cost of generating funds:					
Trading costs	3	131	-	131	131
		<u>131</u>	<u>-</u>	<u>131</u>	<u>131</u>
Charitable expenditure:					
Grants payable in furtherance of the charity's objects	18	2,312	-	2,312	2,201
Big Bang Programme		316	1,588	1,904	657
Tomorrow's Engineers Programme		275	50	325	-
Promoting the benefit of engineering and engineering careers		2,265	92	2,357	2,503
Women Into Science, Engineering and Construction (WISE)		132	275	407	443
Business and Industry engagement		112	-	112	137
Total charitable resources expended	5	<u>5,412</u>	<u>2,005</u>	<u>7,417</u>	<u>5,941</u>
Governance costs		<u>393</u>	<u>-</u>	<u>393</u>	<u>303</u>
Total resources expended		<u>5,936</u>	<u>2,005</u>	<u>7,941</u>	<u>6,375</u>
Net incoming/(outgoing) resources before other recognised gains and (losses)		60	(39)	21	(3)
Other Recognised Gains & Losses					
Unrealised/Realised Net Gains/ (Losses) on Investment Assets	7	139	-	139	(256)
Actuarial gains/(losses) on defined benefit pension scheme	25	(94)	-	(94)	49
Net Movement in Funds		<u>105</u>	<u>(39)</u>	<u>66</u>	<u>(210)</u>
Fund Balances Brought Forward					
At 1 January		2,457	51	2,508	2,718
Fund Balances Carried Forward					
At 31 December	14	<u>2,562</u>	<u>12</u>	<u>2,574</u>	<u>2,508</u>

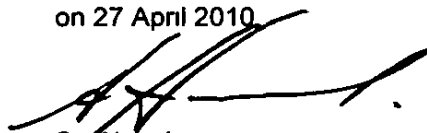
The notes to the accounts on pages 12 - 25 form part of these accounts


The above results are derived from continuing activities. The deficit for the year for Companies Act purposes comprises the net incoming resources for the period and was £21,000 (2008 - £3,000 outgoing). Net income of the charity for the year is £21,000 (2008 £3,000 expenditure).

The EngineeringUK Group
Company Number 4322409
Consolidated and Company Balance Sheets as at 31 December 2009

		Group		Company	
	Note	2009	2008	2009	2008
		£000	£000	£000	£000
Fixed Assets					
Tangible Assets	8	138	231	138	231
Investments	7	701	562	701	562
		<u>839</u>	<u>793</u>	<u>839</u>	<u>793</u>
Current Assets					
Debtors and prepayments	10	1,470	644	1,497	630
Deposits and cash	16	1,622	2,305	1,593	2,300
		<u>3,092</u>	<u>2,949</u>	<u>3,090</u>	<u>2,930</u>
Creditors					
Amounts falling due within one year					
Creditors	11	(468)	(852)	(466)	(849)
Income in Advance	12	(797)	(370)	(797)	(354)
		<u>(1,265)</u>	<u>(1,222)</u>	<u>(1,263)</u>	<u>(1,203)</u>
Net Current Assets		1,827	1,727	1,827	1,727
Total assets less current liabilities		2,666	2,520	2,666	2,520
Provisions For Liabilities and Charges	13	-	(20)	-	(20)
Defined Benefit Pension Scheme Asset/(Liability)	25	(92)	8	(92)	8
		<u>2,574</u>	<u>2,508</u>	<u>2,574</u>	<u>2,508</u>
Unrestricted funds					
General		2,553	2,449	2,553	2,449
Designated		101	-	101	-
Pension reserve		(92)	8	(92)	8
Total unrestricted funds	14	2,562	2,457	2,562	2,457
Restricted funds	14	12	51	12	51
		<u>2,574</u>	<u>2,508</u>	<u>2,574</u>	<u>2,508</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 April 2010.


Sir Alan Jones
Chairman of the Audit Committee


Sir Anthony Cleaver
Chairman of the Board

The notes to the accounts on pages 12 to 25 form part of these accounts

The EngineeringUK Group

Consolidated Cash Flow Statement for the Year Ended 31 December 2009

CONSOLIDATED CASH FLOW STATEMENT		2009	2008
	Note	£000	£000
Net cash inflow/(outflow) from operating activities	15	(644)	400
Returns on investments and servicing of finance	4	22	105
Capital expenditure	8	(61)	(76)
(Decrease)/increase in cash		<u>(683)</u>	<u>429</u>
Reconciliation of net cash flow to movement in net cash balances		2009	2008
	16	£000	£000
(Decrease)/increase in cash		(683)	429
Net cash balances at 1 January		2,305	1,876
Net cash balances at 31 December		<u>1,622</u>	<u>2,305</u>

The EngineeringUK Group

Notes to the Accounts for the Year ended 31 December 2009

1. STATEMENT OF ACCOUNTING POLICIES

1.1 Basis of preparation

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 2005 and applicable accounting standards.

1.2 Company status

The charity is a company limited by guarantee. The members of the company are defined in the Memorandum and Articles of Association. In the event of the charity being wound up the liability in respect of the guarantee is limited to £1 per member of the charity.

1.3 Group financial statements

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary. A separate Statement of Financial Activities for the charity itself is not presented because advantage has been taken of exemptions afforded by paragraph 397 of SORP 2005. The results of the subsidiary are consolidated on a line by line basis.

1.4 Incoming Resources

Income from Registration fees is accounted for on an accruals basis. Fees are received from institutions, throughout the year, by instalments at an agreed level. At year end an estimate is made of any underpayment or overpayment that may have arisen from this process. The estimated amounts are shown under the income and income in advance notes below. Income from grants is recognised when the grant is due. Sponsorship and other income received from industry is accounted for on an accruals basis.

1.5 Investment Income

Investments and interest received from bank deposits and gilt-edged securities are accounted for on an accruals basis. Dividends from equity investments are accounted for on a receivable basis. Investments are included in the Balance Sheet at market value. Realised and unrealised gains and losses are included in the Statement of Financial Activities.

1.6 Resources expended

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

Other allocated costs have been apportioned against staff numbers. Governance costs include specific costs plus 20% of the Chairman, Chief Executive and Finance Team costs. All other costs are considered to be costs to further EngineeringUK's charitable activities.

1.7 Grants payable

Grants are recognised in the financial statements when an obligation to pay the grant occurs. Where grants are subject to conditions, such as provision of reports or satisfactory performance, the obligation is recognised when the conditions are met, or when there is a reasonable expectation that the grant will be paid. Grants that are payable in future years, and subject to conditions, are recognised in the designated fund.

The EngineeringUK Group

Notes to the Accounts for the Year ended 31 December 2009

1. STATEMENT OF ACCOUNTING POLICIES - continued

1.8 Pension costs

The Group operates a contracted-out defined benefit pension scheme for those employees transferred from Engineering Council which requires contributions to be made to a separately administered fund. Contributions from this fund are charged in the Statement of Financial Activities (SOFA) so as to spread the cost of pensions over the employees' working lives within the Group. The regular cost is attributed to individual years using the projected unit method. The fund is actuarially valued every three years.

For the defined benefit scheme, the statement of financial activities is charged with the cost of providing pension benefits earned by employees in the period. The expected return on pension scheme assets less the interest on pension scheme liabilities is included as part of this charge. Actuarial gains and losses arising in the period from the difference between actual and expected returns on pension scheme assets, experience gains and losses on pension scheme liabilities and the effects of changes in demographics and financial assumptions, are included in the bottom half of the statement of financial activities.

The accumulated pension scheme surplus or deficit is recognised in full and included in the balance sheet.

The Group also contributes to a defined contribution pension scheme for staff who are not in the defined benefit scheme. The employer contributes 10% of basic salary and the employee 5%. Contributions to these arrangements are charged to the SOFA in the period in which they are due.

1.9 Tangible Fixed Assets and Depreciation

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

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

Computer and office equipment	- 3 to 5 years
Fixtures and fittings	- 3 to 5 years or the remainder of property lease
Computer software	- 3 years

1.10 Finance and Operating Leases

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred. There are no finance leases.

1.11 Value Added Tax

Due to the nature of EngineeringUK'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.

1.12 Restricted and Designated Funds

Restricted funds are funds that have been received for a specific purpose or project and are not available for other uses. Designated funds represent commitments to expenditure where the financial obligation is subject to the future provision of a service or supply.

The EngineeringUK Group

Notes to the Accounts for the Year Ended 31 December 2009

2. INCOMING RESOURCES FOR ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTS

	Unrestricted	Restricted	2009 Total	2008
	£000	£000	£000	£000
EC Registration fees assigned to EngineeringUK	5,411	-	5,411	5,199
Corporate and Network Member fees	215	-	215	256
Sponsorship for projects (see note 17)	30	1,966	1,996	516
Miscellaneous	111	-	111	100
	<u>5,767</u>	<u>1,966</u>	<u>7,733</u>	<u>6,071</u>

EC Registration fees include a provision of £138,000 (2008 - £96,000) to cover late adjustments by Institutions in 2010 for non-payment of fees by registrants in 2009 (See note 12)

3. NET INCOME FROM TRADING ACTIVITIES

Scenta Ltd acts as the trading subsidiary of EngineeringUK. The principal activity during the year was provision of sundry IT services and commission from insurance. The trading subsidiary passes all profits to EngineeringUK as gift aid. Its profit and loss account is summarised below.

	2009 £000	2008 £000
Turnover	207	196
Cost of Sales and Administration Charge from EngineeringUK	<u>(131)</u>	<u>(131)</u>
Gross Profit	76	65
Other Administration Costs	-	-
Gift Aid payment	<u>(76)</u>	<u>(65)</u>
Profit Before Taxation	-	-
Taxation	-	-
Profit after taxation	<u>-</u>	<u>-</u>

Income included by EngineeringUK company

Gift aid payment	76	65
Cost of Sales and Administration Charge exclusive of VAT	<u>131</u>	<u>128</u>
	<u>207</u>	<u>193</u>

4. INVESTMENT INCOME

	2009 £000	2008 £000
Bank Interest Receivable	3	86
Other Investment Income	<u>19</u>	<u>19</u>
Total Investment Income	<u>22</u>	<u>105</u>

The investment income arises from investment assets in the UK.

The EngineeringUK Group

Notes to the Accounts for the Year Ended 31 December 2009

5. CHARITABLE EXPENDITURE

Resources Expended	Direct Costs	Grants	Staff Costs	Other Allocated Costs	Total Costs 2009	Total Costs 2008
	£000	£000	£000	£000	£000	£000
Grant to Engineering Council	-	2,311	1	-	2,312	2,201
2009 Big Bang Programme	969	-	38	17	1,024	657
2010 Big Bang Programme	580	84	173	43	880	-
Tomorrow's Engineers Programme	22	179	95	29	325	-
Promoting benefit of engineering and engineering careers	516	78	1,290	473	2,357	2,503
Women Into Science, Engineering and Construction	139	-	201	67	407	443
Business and Industry engagement	11	-	84	17	112	137
	2,237	2,652	1,882	646	7,417	5,941
Governance and pension finance costs	164	-	177	52	393	303
Total charitable resources expended	2,401	2,652	2,059	698	7,810	6,244
Trading costs	131	-	-	-	131	131
Total resources expended	2,532	2,652	2,059	698	7,941	6,375

Other allocated costs have been applied to expenditure areas in ratio to the average number of staff employed in each area £91,000 (2008 -£80,000) of staff costs have been included in the cost of sales of the trading company

Total resources expended include	2009 £000	2008 £000
Other allocated costs		
Accommodation	381	382
Office facilities and services	167	209
Depreciation	131	132
Insurance	19	16
	<u>698</u>	<u>739</u>

6. RELATED PARTY TRANSACTIONS

Engineering Council (EC) is a related party to EngineeringUK. Under its supplemental charter of the 22 March 2002, EngineeringUK may appoint 7 of its 22 Board members. By its Regulations, EC 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 EngineeringUK. During the year ended 2009 the following transactions took place:

1. EC assigned all income derived from Registration fees, £5.4 million (2008 - £5.2 million), to EngineeringUK.
2. EngineeringUK provided a grant to EC of £2.3 million (2008 - £2.2 million) to fund its operations.
3. EngineeringUK and EC occupy the same floor at 246 High Holborn. The lease is jointly held. Where possible each party has paid directly for its own costs. EngineeringUK charged EC £170,000 (2008 - £170,000) during the period to cover office accommodation costs.
4. At 31st December EngineeringUK owed EC £15,837 (2008 - £45,711) relating to office service charges and registration promotion.

The EngineeringUK Group

Notes to the Accounts for the Year Ended 31 December 2009

6. RELATED PARTY TRANSACTIONS - continued

EngineeringUK also has relations with STEMNET and SEMTA. EngineeringUK Trustees participate in management boards and groups of both bodies. These are not controlling interests. STEMNET and SEMTA also share accommodation with EngineeringUK. SEMTA and STEMNET have reimbursed EngineeringUK for all costs arising from this. At 31 December 2009 STEMNET owed EngineeringUK £13,452 (2008 - £1,705) and SEMTA owed EngineeringUK £19,390 (2008- £449).

7. FIXED ASSET INVESTMENTS (OF THE COMPANY AND GROUP)

	2009 £000	2008 £000
Market Value at 1 January	562	818
Unrealised gain/(loss) for the year	139	(256)
Market Value at 31 December	<u>701</u>	<u>562</u>
Historical cost at 31 December	<u>638</u>	<u>638</u>
UK listed investments are represented by Equities	<u>701</u>	<u>562</u>

8. TANGIBLE FIXED ASSETS (OF THE COMPANY AND GROUP)

	Computer & Office Equipment £000	Computer Software £000	Fixtures & Fittings £000	Total 2009 £000
Cost				
Brought Forward 1 January	185	193	256	634
Acquisitions During Year	45	-	16	61
Disposals During Year	(16)	(60)	-	(76)
Carried Forward 31 December	<u>214</u>	<u>133</u>	<u>272</u>	<u>619</u>
Depreciation				
Brought Forward 1 January	74	186	143	403
Charge for Year	51	3	100	154
Disposals During Year	(16)	(60)	-	(76)
Carried Forward 31 December	<u>109</u>	<u>129</u>	<u>243</u>	<u>481</u>
Net Book Value				
31 December 2009	105	4	29	138
31 December 2008	<u>111</u>	<u>7</u>	<u>113</u>	<u>231</u>

All assets are used by the charity for its own purposes. Scenta Limited has no fixed assets.

9. INVESTMENT IN SUBSIDIARY COMPANY

EngineeringUK holds 100% of the issued share capital of Scenta Limited of 1 ordinary share of £1

The EngineeringUK Group

Notes to the Accounts for the Year Ended 31 December 2009

10. DEBTORS AND PREPAYMENTS

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Scenta Limited	-	-	106	36
Registration Fees Due	147	125	147	125
Other Debtors	953	365	874	315
Prepayments and Accrued Income	370	154	370	154
	<u>1,470</u>	<u>644</u>	<u>1,497</u>	<u>630</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Trade Creditors	135	143	135	143
Engineering Council	6	46	6	46
Pension scheme	2	4	2	4
Other Creditors	14	356	14	356
Taxation, including Income Tax	132	56	132	55
Accruals	179	247	177	245
	<u>468</u>	<u>852</u>	<u>466</u>	<u>849</u>

12. INCOME IN ADVANCE

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Provision for EC Registration Fees overpayment	138	96	138	96
Members Fees Received in Advance	61	90	61	90
Services	-	32	-	16
Project Income in Advance	598	152	598	152
	<u>797</u>	<u>370</u>	<u>797</u>	<u>354</u>

13. PROVISIONS AND LIABILITIES FOR CHARGES

	Group and Company			
	Amount at 1 Jan	Release of Provision	Amounts Used	Amount at 31 Dec
	£000	£000	£000	£000
Building dilapidation	20	20	-	-
	<u>20</u>	<u>20</u>	<u>-</u>	<u>-</u>

The lease on 2nd floor Weston House has been renewed with effect from March 2010. The lease is based on current condition and therefore a dilapidation provision is not required at December 2009.

The EngineeringUK Group

Notes to the Accounts for the Year Ended 31 December 2009

14. FUNDS

Movements in the Funds during the Year have been as follows

	1 January 2009	Net (Deficit)/ Surplus of Resources for the period	Other Recognised Gains/(Loss)	Reserve Transfers	31 December 2009
	£000	£000	£000	£000	£000
General Fund	2,449	66	139	(101)	2,553
Pension Reserve	8	(100)	-	-	(92)
Designated Fund					
Project Reserves	-	-	-	101	101
Total Designated Fund	-	-	-	101	101
Total Unrestricted Funds	2,457	(34)	139	-	2,562
Restricted Funds					
WISE	51	(39)	-	-	12
Big Bang Fair	-	-	-	-	-
Restricted Funds	51	(39)	-	-	12
Total Funds	2,508	(73)	139	-	2,574

The restricted fund relates to the Women into Science, Engineering and Construction campaign, a joint initiative funded by EngineeringUK and five partnering bodies, to promote to women, careers in the science, engineering and construction sector. The Big Bang Fair relates to the event to be held in 2010. In 2009 the expenditure committed exceeded the income due. The £101,000 designated fund relates to grant offers made under the Tomorrow's Engineers programme that are dependent upon outcomes in 2010.

15. RECONCILIATION OF NET (DEFICIT)/SURPLUS TO NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	2009 £000	2008 £000
Net Surplus/(Deficit) for the year	21	(3)
Adjust for		
Returns on investments and servicing of finance	(22)	(105)
Depreciation	154	132
Pension fund (deficit)	6	(8)
Debtors and prepayments	(826)	(414)
Creditors and provisions	(404)	671
Income in advance	427	126
Net cash inflow/(outflow) from operating activities	(644)	400

16. ANALYSIS OF CHANGES IN NET CASH BALANCES	At 1 Jan 2009 £000	Cash flows £000	At 31 Dec 2009 £000
Cash at bank and in hand	147	1,446	1,593
Short-term deposits	2,153	(2,153)	-
Cash Balances - company	2,300	(707)	1,593
Trading subsidiary	5	24	29
Cash Balances - group	2,305	(683)	1,622

The EngineeringUK Group
Notes to the Accounts for the Year Ended 31 December 2009

17. SUMMARY OF INCOME RECEIVED IN RESPECT OF RESTRICTED PROJECTS	2009	2008
	£000	£000
Grants for WISE initiative	236	256
Grants for 2009 Big Bang Fair	973	225
Grants for 2010 Big Bang Fair	615	-
Engineers Make It Happen	92	-
Tomorrow's Engineers	50	-
Grants for promotion activities	27	13
Grants for careers and education activities	3	22
Total	1,996	516

The grants for Big Bang Fairs includes £150,000 from the Department for children, schools and families for 2009 and £150,000 for 2010, and £150,000 from Department for Innovation, Universities and Skills for 2009 and £350,000 from the Department for Business, Innovation and Skills for 2010

18. GRANTS PAID	2009	2008
	£000	£000
Engineering Council	2,312	2,200
The Big Bang Regional Events		
STEM Team Essex	4	-
Techniquiest Cardiff	8	-
Partners in Innovation Bradford	9	-
SETPOINT Hertfordshire	4	-
SETPOINT North Scotland	5	-
North East of England Process Industry Cluster	3	-
Ironbridge Gorge Museum Trust	3	-
Greater Manchester STEM Centre	9	-
Learning Grid	9	10
Sentinus	10	-
The Scottish Council for Development and Industry	2	-
University of Bath	9	-
University of Brighton	9	-
The British Science Association and Young Engineers - £25,000 each	-	50
	84	60
Tomorrow's Engineers		
The Educational Development Trust	25	-
The Engineering Education Scheme in Wales	10	-
Primary Engineer	35	-
The Smallpeice Trust	48	-
The Industrial Trust	37	-
Young Engineers	24	-
	179	-
Other		
The Learning and Skills Development Association Northern Ireland	25	-
The British Science Association - National Science and Engineering Week	7	10
Royal Institution - Science Media Centre	20	40
Sentinus	14	-
All Party Engineering & Information Technology Group	5	5
Foundation for Science and Technology	5	2
Various	1	53
	77	110
Total	2,652	2,370

The EngineeringUK Group

Notes to the Accounts for the Year Ended 31 December 2009

19. EXPENSES REIMBURSED TO TRUSTEES

	2009	2008
Expenses were reimbursed to Trustees during the year as follows		
Travel and Subsistence	£4,638	£4,841
Number of Board members in Receipt of Reimbursed Expenses	3	6

20. INDEMNITY INSURANCE

The ETB indemnifies Board members, its employees and volunteer agents against loss arising from neglect or default in the performance of duties. This risk was covered by insurance at a cost of £2,764 (2008 - £2,377)

21. LEGAL, AUDIT AND OTHER FINANCIAL SERVICES COSTS

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Legal Costs	33	32	33	32
Audit Fees	18	20	16	18
Property Agent Fees	26	-	26	-
Other Professional Services	6	-	6	-
Other Financial Services Fees	5	3	5	3
Total	<u>88</u>	<u>55</u>	<u>86</u>	<u>53</u>

22. COMMITMENTS

a) Operating lease commitments

The following payments will be made next year in respect of commitments on operating leases expiring

	Company and Group	
	2009	2008
	Land and Buildings £000	Land and Buildings £000
within one year	66	-
between one and five years	118	265
over five years	-	-
	<u>184</u>	<u>265</u>

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General	Designated/ restricted	Total
Fund balances at 31 December 2009 are represented by:	funds	funds	Total
	£000s	£000s	£000s
Tangible fixed assets	138	-	138
Investments	701	-	701
Current assets	2,980	112	3,092
Current liabilities	(1,265)	-	(1,265)
Provisions	(92)	-	(92)
Total net assets	<u>2,462</u>	<u>112</u>	<u>2,574</u>

The EngineeringUK Group
Notes to the Accounts for the Year Ended 31 December 2009

**24. STAFF COSTS INCLUDING PENSIONS
AND SOCIAL SECURITY COSTS**

Group and parent:

The average number of persons employed by EngineeringUK during the year was in the following categories

	2009	2008
	No	No
Executive Team	5	5
Staff in direct activities	19	20
Secretarial and Administrative Staff	5	4
Total Staff	<u>29</u>	<u>29</u>

The actual staff employed at year-end was 30

	Staff Costs	
	2009	2008
	£000	£000
Salaries	1,658	1,570
Social Security Costs	178	198
Other Pension Costs	130	391
Other Staff Benefits	30	40
Temporary and agency staff	25	22
Recruitment, training, travel and other expenses	129	55
	<u>2,150</u>	<u>2,276</u>

Number of Employees whose emoluments exceeded £60,000 for the Year were as follows

	2009	2008
Exceeding £60,000 but not Exceeding £70,000	2	1
Exceeding £70,000 but not Exceeding £80,000	2	3
Exceeding £80,000 but not Exceeding £90,000	1	1
Exceeding £90,000 but not Exceeding £100,000	-	1
Exceeding £110,000 but not Exceeding £120,000	1	2
Exceeding £120,000 but not Exceeding £130,000	1	-
Exceeding £130,000 but not Exceeding £140,000	-	1
Exceeding £140,000 but not Exceeding £150,000	1	-

The Chairman of EngineeringUK is remunerated for his duties, as permitted under paragraph 5 b) of the Company's Memorandum of Association and as approved by the Charity Commission. In the year ended 31 December 2009, the sum of £70,000 (2008 - £43,750) was paid to the Chairman. No other trustee received any emoluments during the year.

The total employer contributions during the year to defined contribution pension schemes relating to the higher paid staff above was £55,415 for 5 employees (2008 - £320,859 for 7 employees), including contributions of £18,750 (2008 - £268,827) relating to the Chief Executive. One of the higher paid employees above was a member of the Engineering Council Pension Scheme, a defined benefit scheme.

The Chief Executive was a director of the Company but not a trustee. The Chief Executive was the highest paid director in 2009. During the period he received total emoluments of £146,150 (2008 - £137,030). This does not include the pension scheme contributions reported above.

The EngineeringUK Group

Notes to the Accounts for the Year Ended 31 December 2009

25. PENSIONS

The Engineering Council Pension Scheme

In 2002 a number of staff transferred to EngineeringUK from Engineering Council under TUPE arrangements. To accommodate this EngineeringUK became an associated employer of the Engineering Council Pension Scheme.

The Engineering Council Pension Scheme is a defined benefit pension scheme based on final pensionable salary. The Scheme is contracted out of the earnings related part of the State Pension Scheme. The assets of the Scheme are held in a separate trustee administered fund, currently invested with 'The Scottish Widows' Fund and Life Assurance Society' and 'Schroder Investment Management (UK) Limited'.

At 31 December 2009 there were 2 (2008 - 2) members of EngineeringUK staff contributing to the Scheme. The proportion of the total Scheme fund attributable to EngineeringUK staff or ex EngineeringUK staff is estimated to be approximately 6%. On withdrawal from the Scheme by EngineeringUK or closure, assets would be segregated in a similar proportion. In the very remote circumstances that Engineering Council was unable to meet its obligations and liabilities relating to the Scheme, there is a possibility that the obligation would move to EngineeringUK. EngineeringUK employer contributions during 2009 were £24,000 (2008 - £23,000). Employer contributions in 2010 are expected to be £23,000.

The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations. The results of the most recent valuations, for the whole scheme, that were conducted as at 31 December 2006, are as follows:

Major Assumptions	31 December 2006 % per annum
Discount rate (before retirement)	6.00
Discount rate (after retirement)	5.00
Rate of increase in salaries	4.00
Rate of increase in deferred pensions	3.25
Rate of increase in pensions in payment related to inflation	3.00
Inflation assumption	3.25
	Value at 31 December 2006 £000s
Total market value of Scheme assets	8,209
Present value of Scheme liabilities	(8,948)
Deficit in Scheme assets	<u>(739)</u>

EngineeringUK's 6% share of the above deficit represents £44,000. Based on the valuation of the scheme the actuary recommended that the joint contribution increase to 30% from 1 April 2008, from the previous 27.3% (employers' contributions 23% and employees' 7%).

The EngineeringUK Group

Notes to the Accounts for the Year Ended 31 December 2009

25. PENSIONS - continued

FRS 17 "Retirement Benefits Disclosure"

The arrangements of the accounting standard FRS17 require recognition of assets and liabilities as at 31 December 2009 calculated in accordance with the requirements of FRS17

Pension cost figures were prepared by a qualified independent actuary for the purpose of accounting standard FRS17 as at 31 December 2009. Principal actuarial assumptions (expressed as weighted averages)

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

The demographic assumptions used for valuing the liabilities at 31 December 2009 were

- Pre retirement mortality - standard tables AMC00/AFC00
- Post retirement mortality - standard tables S1NMA/S1NFA medium cohort with improvements in line with year of birth
- 90% of members assumed to be married with husbands three years older than wives, and wives living three years longer than husbands
- No early retirement and no cash commutation

Shown below are the 6% of the total Scheme assets at the year-end attributable to EngineeringUK and rates of return expected for the next accounting year together with comparatives for earlier years

	Expected return from 2009	Fair value at /2009	Expected return from 2008	Fair value at /2008	Expected return from 2007	Fair value at /2007
Equities	7.4%	263	6.7%	300	7.5%	279
Bonds	5.1%	187	5.2%	80	5.5%	156
Cash	4.4%	49	2.0%	65	6.0%	67
Property	5.1%	4	5.2%	12	5.5%	6
Total market value of assets		<u>503</u>		<u>457</u>		<u>508</u>

The net expected long-term rate of return is 6.2% at 31 December 2009 (2008 - 5.7%)

EngineeringUK's share of the amounts recognised in the balance sheet are as follows

	2009	2008
	£000	£
Present value of funded obligations	(595)	(449)
Fair value of plan assets	<u>503</u>	<u>457</u>
	(92)	8
Present value of unfunded obligations	-	-
Surplus/(Deficit)	<u>(92)</u>	<u>8</u>
Net asset/(liability)	<u>(92)</u>	<u>8</u>

The EngineeringUK Group

Notes to the Accounts for the Year Ended 31 December 2009

25. PENSIONS - continued

The following amounts have been included within charitable expenditure under FRS17

	2009	2008
	£000	£000
Current service cost	13	13
Past service cost	-	-
	<u>13</u>	<u>13</u>

The following amounts have been included as "Governance costs" under FRS17

	2009	2008
	£000	£000
Interest cost on pension scheme liabilities	29	33
Expected return on pension scheme assets	(26)	(33)
	<u>3</u>	<u>-</u>

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

	2009	2008
	£000	£000
Actuarial gains/(losses)	<u>(94)</u>	<u>49</u>

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

	2009	2008
	£000	£000
Opening defined benefit obligation	449	557
Current service cost	13	13
Contributions by scheme participants	7	7
Interest cost	29	33
Actuarial losses/(gains)	138	(126)
Benefits paid	(35)	(35)
	<u>601</u>	<u>449</u>

Changes in the fair value of scheme assets are as follows

	2009	2008
	£000	£000
Opening fair value of scheme assets	457	508
Contributions by employer	23	23
Contributions by scheme participants	7	7
Expected return	26	33
Actuarial losses/(gains)	30	(77)
Benefits paid	(35)	(35)
Expenses paid	-	(2)
	<u>508</u>	<u>457</u>

The EngineeringUK Group

Notes to the Accounts for the Year Ended 31 December 2009

25. PENSIONS - continued

History of experience gains and losses for the current and previous four periods are as follows

	2009	2008	2007	2006	2005
	£000	£000	£000	£000	£000
Defined benefit pension plans					
Defined benefit obligation	(601)	(449)	(557)	(577)	(501)
Fair value of scheme assets	508	457	508	577	462
Surplus/(deficit)	(92)	8	(49)	-	(39)
Experience adjustments on scheme liabilities	138	(126)	(45)	(16)	8
Experience adjustments on scheme assets	29	(77)	(102)	28	44

Stakeholder and Other Pension Schemes

EngineeringUK decided not to offer entry to the Engineering Council Pension Scheme to staff who were not already members prior to TUPE transfer and nominated a Stakeholder pension scheme. This is a defined contribution scheme operated by Scottish Widows and is not contracted out of the earnings related part of the State Pension Scheme. The employer contributes 10% of pensionable salary and the employee 5%. Employer contributions during the year were £131,552 (2008 - £368,188). These figures include contributions for the higher paid employees and the Chief Executive shown under note 24.

The Chief Executive was a member of the nominated stakeholder pension scheme to which the employer contributed 15% of pensionable salary.