

**The Engineering and Technology Board
Trading as the EngineeringUK Group
Report and Financial Statements
For the Year Ended 31 March 2017**

COMPANY NO: 4322409

ENGLAND AND WALES CHARITY NO: 1089678

SCOTLAND CHARITY NO: SC046249



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Report of the Trustees

Introduction

The Trustees present this report which is the Trustees' Annual Report for the purpose of the Charities SORP and also includes on pages 3-16 the Strategic Report required under company law. The legal and administrative information set out on pages 35-38 also forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounts and Reporting by Charities issued in 2015.

EngineeringUK Objectives

1. To promote for the public benefit the art and science of engineering in all its applications in the context of modern technology; and
2. To advance education in engineering and technology.

Purpose and goal

Our purpose is to inspire tomorrow's engineers.

Our goal is to improve the supply of engineers from the education system by:

- inspiring school-age children about opportunities involving science, engineering, technology and maths;
- encouraging subject choices that maintain the option of a career in engineering and technology;
- encouraging more children to pursue a career in engineering;
- and improving the perception of engineers and engineering.

through both direct engagement with children and via the key influencers of children.

And delivered in line with our values

- **Passionate** – We are passionate about inspiring a new generation of engineers and making a positive difference to young people's lives.
- **Insightful** – Everything we do is based on clear and up-to-date evidence, gained by listening to and learning from our community. We are open and honest with our insights and use them to inspire young people into engineering.
- **Inclusive** – We work with others to maximise collective impact. We value diversity and we target our promotion of science, technology, engineering and maths (STEM) to encourage a more diverse engineering community.

Public Benefit

EngineeringUK is a charitable body and exists to deliver benefits to the public. The trustees have noted the duty in Section 17 of the Charities Act 2011 and given regard to the Charity Commission and The Scottish Charity Regulator's guidance on public benefit.

Benefits arising from activities:

- Society benefits from the charity's work through the improved supply of engineers to meet society's needs.
- We carry out research to confirm these needs and then target our efforts in promoting accordingly.
- Interventions with potential future engineers – “learners” – and those who influence them. We work with like-minded organisations to achieve this and to identify the best ways to reach our target audiences, evaluating the effectiveness of those interventions wherever possible.
- Schools benefit from employer engagements which support careers education requirements and can help with attainment.

Why is our activity important?

Analysis by the Centre for Economics and Business Research (Cebr) suggests that the gross value added (GVA) for the UK by the engineering sector, as defined by EngineeringUK's Footprint of engineering jobs and companies, was £433 billion in 2015. This was more than some key comparable sectors of the economy, including retail and wholesale, financial and insurance combined. It is estimated that engineering accounted for 26% of UK GDP in 2015, a 2.3% increase over 2014. However, we need more engineers. Engineering enterprises will need 265,000 skilled entrants per year to meet demand through to 2024, with the current annual shortfall estimated to be at least 45,000, though it may be as high as 85,000. Our own research supported by additional research by the Cebr has identified the economic benefit to the public and the wider economy through encouraging more young people to follow an engineering career, with an estimated 1.74 additional jobs created for each skilled engineering job and a £27bn opportunity for economic growth. Growth can only come from social inclusion and diversity.

Objectives and Achievements

The strategic priorities for 2016/17 were as follows:

- To transform the way in which employers engage with schools to promote STEM through the continued expansion of our Tomorrow's Engineers programme. To reach 60% of secondary schools across all of our programmes.
- To continue building the impact with 70,000 young people, their parents and teachers attending our flagship event, The Big Bang Fair.
- To maximise the impact of our programmes through our communications, research, reach of careers materials, and organisational capability.

1. Tomorrow's Engineers

What is this strategic initiative?

Our strategy sets the goal that every secondary school pupil should have an engineering experience, linked to the curriculum and careers by the age of 14. Our response to meeting this goal is to build on and join up our well-established and proven programmes – specifically Tomorrow's Engineers and Big Bang Near Me - creating an expanding Tomorrow's Engineers programme that delivers into schools.

Why do it?

Many companies spend time in schools promoting engineering to young people. The Tomorrow's Engineers programme seeks to coordinate this outreach activity to boost overall coverage and impact, and to engage and inspire more teenagers to continue with science and maths and consider an engineering career. By coordinating efforts on a regional basis, we can triple the number of young people we reach and inspire to become tomorrow's engineers.

What did we say we would do and how did we perform during 2016/17?

Target	Actual
Reach 60% of secondary schools across all programmes	52%
Add four Employer Support Managers to end the year with ten	Three additional Employer Support Managers were recruited during the year, bringing the total to nine operational regions. Recruitment for the tenth region was delayed whilst we explored an alternative delivery model.
235 employers engaged through employer strand	247 employers engaged
249,000 students engaged through employer engagements, uploaded to the schools database, an increase of 45% from 2015/16	364,000
151,000 young people attending Big Bang Near Me events, an increase of 14% from 2015/16	151,000
Increase the desirability of a career in Engineering to 58% for males and 50% for females across our programmes. The background level from the 2015 Brand Monitor is 55% for males and 30% for females.	67% male, 47% female

What impact did we make?

247 companies and 65 stakeholders are now engaged as part of the Tomorrow's Engineers network. By establishing Employer Support Managers in regions across the UK, the programme has been able to provide support to employers for more effective school engagement activity. The expert support of regional teams, the availability of high quality materials and access to an evaluation scheme has helped employers develop a more strategic approach to schools outreach. The identification of 'cold spots' is made possible through the sharing of data. This enables the programme to improve the reach of engineering engagements, with the ultimate aim of increasing the number of apprentices, graduates and college students with relevant skills and qualifications for engineering.

2. The UK Big Bang Fair

What is this strategic initiative?

The Big Bang Fair will continue to provide our flagship consumer brand, reaching significant numbers of young people, parents and teachers face-to-face and providing the most extensive media and public affairs opportunities to take our messages further. The Fair provides a wealth of educational opportunities delivered with a fun element to appeal to and resonate with young people.

Why do it?

The Big Bang Fair gives us an annual opportunity to bring together the STEM community under one roof to paint the broadest picture of STEM careers, using a wide range of current examples of engineering that resonate with our audience and describe the future possibilities. The Fair gives us the chance to simplify the engineering careers landscape for young people, their teachers and parents and give them access to people working in a wide range of STEM careers to inspire and inform them.

What did we say we would do and how did we perform during 2016/17?

Target	Actual
Reach 70,000 young people, their parents and teachers.	81,000 including 61,000 under the age of 18.
Attendance of 28,000 children in our key audience age range of 11-14 attend the Fair.	35,000 with a 50:50 gender split.
Continue the emphasis on marketing directly to schools and using the media to reach the wider public to generate bookings and highlight wider STEM messaging.	12% increase in bookings Significant media coverage across all outlets, including BBC Breakfast on three of the four days of The Fair

What impact did we make?

The Fair is now embedded into the STEM calendar, with the attendance of 81,000 across the four days, an increase of 15% compared to 2016. Our target age group of 11-14s made up 56% of total young audience. 92% of those aged 11 to 14s enjoyed The Fair, with 90% of them saying engineering was suitable for both genders. 60% of 11 to 14s felt a career in engineering was desirable and 73% had a positive perception of engineering, compared to a national average for that age-range of 48%.

The Fair again hosted the finals of The Big Bang Competition in which 600 young people pitched their science and engineering projects to judges. David Bernstein (16) and Sankha Kahagala-Gamage (16) from Loughborough Grammar School were crowned UK Young Engineers of the Year for the *MediVest* – a vest that detects epileptic seizures eight minutes before they occur. George Rabin (14) and Ed Thurlow (15) won the GSK UK Young Scientists of the Year award for their project *Do birds have a favourite colour?*

This year's event saw record numbers of visitors taking part in the Careers Cabin activities on offer, with girls making up 62% of the participants for these activities. Overall, 25,000 recorded careers interactions took place – a 53% increase on 2016.

The Science and Technology Committee held a formal evidence session at the Fair. Five MPs including the Chair toured the Fair and took evidence from EngineeringUK and others as part of their STEM skills gap inquiry. The Labour Party's Industrial Strategy spokesperson, Chi Onuwerah MP, attended the Fair as a celebrity judge. In addition, local MPs Jack Dromey and Jess Phillips visited the Fair.

The Fair attracted widespread media interest across print, broadcast and online, generating c200 pieces of coverage over the four days of the Fair alone. National broadcast included a total 11 slots on BBC Breakfast: two sofa slots – one on Wednesday covering the “5 second rule” where our research into consumer eating habits, combined with research by a Professor in Microbiology from Aston University (one of the Fair's education sponsors) and the second on Saturday when the winners of the UK Young Engineers of the Year and their teacher discussed the boys' award-winning “medi-vest” - as well as live coverage three times an hour between 6am and 9am with Steph McGovern throughout BBC Breakfast on the Thursday.

3. Research, communications and careers

What is this strategic initiative?

Our research, communications and careers activities enable our programmes to achieve maximum impact. Our approach is based on evidence, targeting and measurable impact and to use the most appropriate channels to reach our target audience.

Why do it?

We want young people, their advisers, teachers, parents and the general public to understand the range of opportunities available in engineering and the different routes into the industry.

The research underpinning the Engineering UK Report is an essential tool to inform the work of the organisation to achieve the greatest impact. The annual perceptions data gathered via the Engineering Brand Monitor provides us with national benchmarks against which we (and our partners) can measure the impact of interventions and programmes.

Our careers activity, which includes printed resources, online tools and social media, provides information and inspiration about engineering careers. We maximise impact by creating content tailored to the target audience and distributing it via the most effective channel.

What did we say we would do and how did we perform during 2016/17?

Target	Actual
Continue our work to engage the media, through responsive press office function and pro-active media engagement activity including discrete campaign activity around The Big Bang Fair, Tomorrow's Engineers Week and the launch of the annual Engineering UK Report. Social media will remain a major communication channel and we will improve engagement on our existing channels and look to exploit new platforms for more direct communication with young people. We will	Regular columns in engineering trade media. Tomorrow's Engineers Week was supported in a number of ways by more than 300 organisations. In addition to coverage in trade, regional and children's media, Tomorrow's Engineers Week secured six pieces in national press with a total circulation of over 6.5m; #TEWeek16 trended three times; and the Tomorrow's Engineers website saw a 65 percent increase in page views.

seek opportunities to share expertise and make the most of synergies with appropriate initiatives including the Engineering Talent Project and Your Life campaign.	Overall our social media engagement has seen an increase of 20% during the year; we have introduced Instagram for The Big Bang Fair; and carried out a review across our social media platforms leading to a revised content and channel plan. We have agreed that the Tomorrow's Engineers website will provide the source of follow up information for the Engineering Talent Project campaign being run by the Royal Academy of Engineering.
Publish The Engineering UK 2017 Report into the state of engineering which will be supported by navigable online editions and executive summaries. The infographic, which highlights the main points of the report, will be produced in both print and electronic formats. Build on the "distributed launch" model to maximise community involvement and media coverage.	The Report was published online in January, with print copies available during February. For the first time the Foreword was jointly authored by The Chairman of EngineeringUK and the President of the Royal Academy of Engineering.
The reach of our careers materials will rise to 1.1m, an increase of 8%.	Our careers materials reached 1.0m young people.
Introduce a new management development programme for all line managers and ensure that all staff members have the opportunity to learn and develop their skills.	All line managers attended a management development programme facilitated by an external trainer. Learning and development opportunities for all of our people are reviewed on a six monthly basis and development opportunities are put in place accordingly.
Introduce a Net Promoter Score on satisfaction with EngineeringUK across staff, professional bodies, employers and other stakeholders with the aim to obtain a satisfaction score of at least 70% across all four stakeholder groups.	We obtained a Net Promotor Score of 35 from stakeholders surveyed. A score of 0 is considered good and 50 is considered excellent.
Deliver monthly communications and follow up impact for key stakeholder groups.	We delivered monthly communication through various channels, including to subscribers to our newsletters, members and prospective members of the Tomorrow's Engineers employer network and the Professional Engineering Institution Chief Executives.
Undertake our risk based internal audit programme and ensure that the organisation focuses on continual improvement and to transition to the new ISO9001:2015 standard.	We adapted our internal audit programme adopting an approach more directly linked to our risk registers. We have made preparations to transition to the new ISO standard at our next re-certification in January 2018.

What impact did we make?

Our approach to communications ensured that we reached a wide audience of children and their influencers with messages about STEM and where studying those subjects may lead; as well as a wide stakeholder audience with reliable and objective information about the state of UK engineering together with information about the progress of our projects. We gained significant coverage across

traditional print and broadcast media while social media continued to provide us with an increasingly effective way to communicate with stakeholders. Following a review of our audiences across our social media channels, we introduced a revised content strategy and plan across each for the coming year. Our Twitter followers reached almost 100,000 across our various programmes.

We have redesigned our websites in order to improve the user experience, information architecture and user interface design. They are all responsive in format, making them easier to read on mobile and tablet as well as desktop. Each of the websites has seen an increase in traffic since launch:

- engineeringuk.com: a 72% increase in page views since the launch of the new website
- tomorrowsengineers.org.uk: a 23% increase in visits to the website compared to the same period last year
- thebigbangfair.co.uk: a 14% increase in visits to the website compared to the same period last year
- nearme.thebigbangfair.co.uk/run-a-big-bang-school: 340 page views of @Schools Toolkit in the month since launch
- Downloads of Tomorrow's Engineers careers materials grew from 15,223 in 2015/16 to 17,199 this year.

The Engineering UK Report remains a valuable source of information for media and stakeholders throughout the year, achieving over 400 pieces of national, regional and trade coverage during the year.

Plans for future periods

We plan to focus on the following four strategic priorities:

Strategic priority 1: Work with others to simplify the STEM engagement landscape making a coherent and co-ordinated offer to schools

Why? To make it easy for schools to understand what outreach opportunities are available, their benefits and how to access them; to give all secondary schools the same opportunity to participate; to get the best quality STEM outreach out there; to optimise coverage and impact of the wider community effort.

In 2017/18 we will:

- Develop a collaborative pilot with STEM Learning Ltd and The Careers and Enterprise Company to engage 120 schools with poor STEM progression offering a menu of Tomorrow's Engineers activities.
- We will progress implementation of a set of tangible outputs from a steering group we have established with the Royal Academy of Engineering and the Professional Engineering Institutions focused on enhanced co-ordination.
- We will progress implementation of a set of tangible outputs from a steering group we have established with STEM Learning Ltd focused on simplification of engineering outreach to schools and stakeholders.

Strategic priority 2: Support others to develop and deliver best practice outreach activities to build capacity, increase impact and extend reach

Why? To inspire young people between the ages of 5 and 19 with high quality STEM outreach activities targeted to meet their needs; to optimise coverage and impact of the community effort; to enable and support employers and volunteers to participate in impactful activities informing and inspiring young people.

In 2017/18 we will:

- Engage 350 employers and 400,000 school pupils through the Tomorrow's Engineers employer engagement strand.
- At least 40% of employers engaged in the employer engagement strand will have progressed to the top two tiers of the five tier employer maturity model.
- At least 30 employers in the employer engagement strand will use the online evaluation system and share the resulting data.
- Develop and bring into operation a joint approach with STEM Learning in two regions.
- Achieve a Net Promoter Score across our stakeholders of 45.

Strategic priority 3: Deliver inspiring, cost effective and high impact outreach programmes and resources in partnership with others

Why? As part of the community effort to inspire young people between the ages of 5 and 19 with high quality STEM outreach activities targeted to meet their needs; the collaborative programmes that we lead focus on 11-14 year olds, build credibility and reputation for delivery enabling leverage and boosting capacity; to optimise coverage and impact of the community effort; to achieve maximum impact with the resources available to us.

In 2017/18 we will:

- Have 170,000 young people attend a Big Bang Near Me or Big Bang @ school event.
- Reach 1 million young people with our careers materials.
- Achieve a total desirability of a career in Engineering of 60% for boys and 50% for girls across our programmes.
- Achieve an annual renewal rate of 85% for sponsors of the Big Bang Fair and 90% renewal rate for corporate membership.
- Organise project management training for all project leaders.
- Generate 960 Big Bang competition entrants via Big Bang Near Me regional heats and 350 online Big Bang competition entrants.

Strategic priority 4: Deliver aspirational, clear and joined up messaging to young people and their influencers

Why? To inspire young people to consider a career in engineering and keep their engineering career options open; to encourage more stakeholders to participate.

In 2017/18 we will:

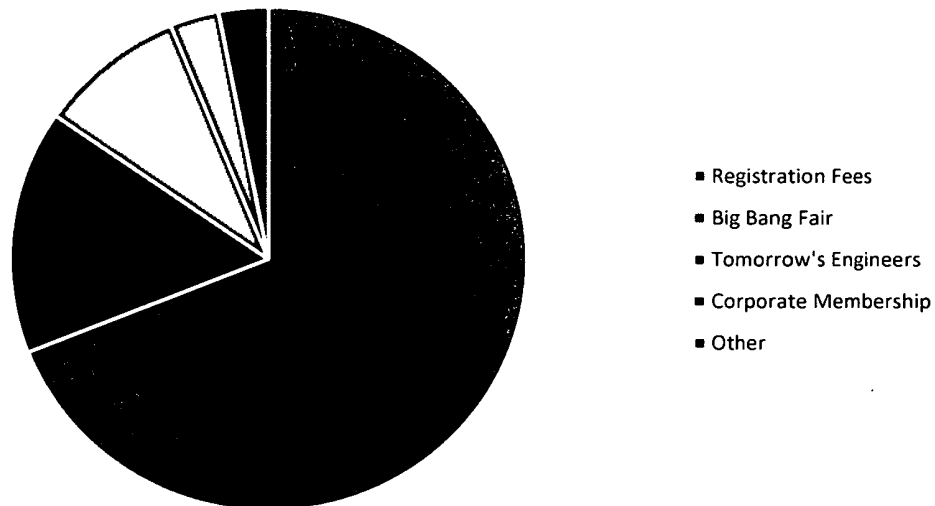
- Develop aspirational communications to inspire young people and their influencers about the possibilities of engineering through joint working with The Royal Academy of Engineering, the Professional Engineering Institutions and other stakeholders and our Tomorrow's Engineers and Big Bang programmes and associated communication.

- Widen the reach and impact of the Careers Working Group beyond the four Professional Engineering Institutions that are currently members of the group.

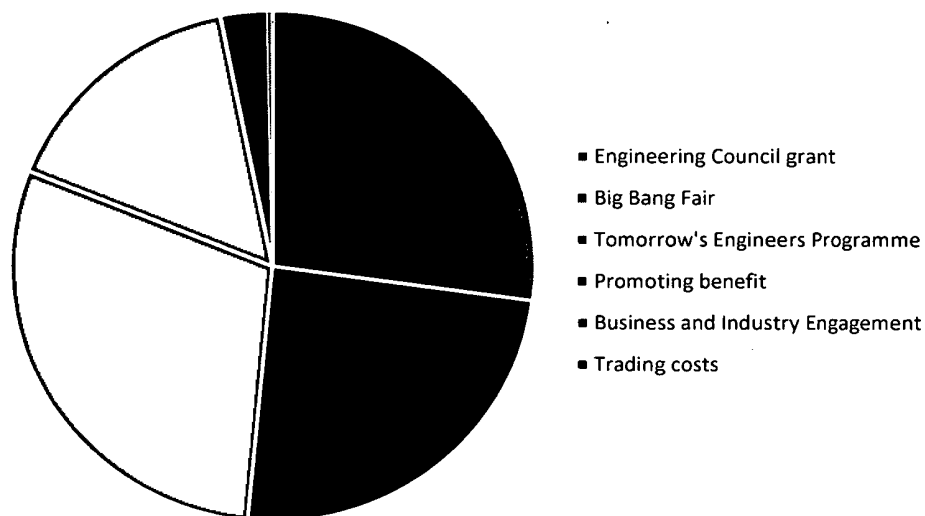
In addition to the four strategic priorities, we will ensure diversity and inclusion is a fundamental aspect of all of our programmes and we will encourage and support others to embrace this. Closer collaboration across the engineering community, particularly the Royal Academy of Engineering and Professional Engineering Institutions will be central to the way we work. Our work will be underpinned by research, evaluation, learning, dissemination, campaigning and policy advocacy to ensure maximum impact.

Financial Review

Income



Expenditure



Balance Sheet and cash flow

Group reserves and net assets decreased in the year by £0.2m (2015/16 £0.1m increase). The total funds at 31 March 2017 were £3.3m, of which none was restricted.

Group cash decreased by £0.6m to £3.2m, while the value of investments increased from £1.2m to £1.4m.

Investment policy

There are no restrictions on the Charity's power to invest, and the investment return required by our Investment Policy is that we should achieve inflation (CPI) +4% over the long term (5 years +). Investments are allocated to specific funds within agreed asset allocation ranges, and their performance is regularly reviewed against appropriate benchmarks.

Subsidiaries

EngineeringUK has a limited company, Scenta Limited as a subsidiary. The purpose of the company is to provide member and partner related services. EngineeringUK also has a Community Interest Company, Big Bang Education CIC as a subsidiary. The purpose of the subsidiary is to deal with all arrangements and transactions related to the Big Bang UK Fair.

Reserves policy

EngineeringUK maintains reserves for the following reasons:

- EngineeringUK has multiple income streams with varying degrees of volatility. Reserves are held for contingency purposes.
- Investment balances are vulnerable to market conditions.
- EngineeringUK is a participating employer of the Engineering Council Pension Scheme. In the remote circumstances that Engineering Council was unable to meet its obligations and liabilities relating to the Scheme, the obligation would move to EngineeringUK.
- Reserves allow potential "step change" in programmes aimed to maximise impact for beneficiaries.

The Board has determined that the company should have between £1.5m and £2.5m in "free" reserves.

The reserves position was as set out below:

£000	31 March 2017	31 March 2016
General Fund	2,170	1,905
Designated Funds:		
Grant Offers Fund	282	281
Fixed Assets Fund	250	382
Programme Growth Fund	592	886
Total Designated Funds	1,124	1,549
Total Funds	3,294	3,454

Risk management, principal risks and uncertainties

A Risk Management Policy is in place that sets out how EngineeringUK views, identifies, assesses and manages risk. EngineeringUK's approach is to minimise exposure to reputational, compliance and financial risk, while accepting that a certain level of risk has to be taken to achieve its strategic objectives. Acceptance of risk is subject to ensuring that risks and potential benefits are fully considered and understood before activities are undertaken and that sensible measures are in place to mitigate risk. Risks are managed through Risk Registers in line with EngineeringUK's Risk Management Policy.

Engineering UK's overall approach to risk is illustrated by the following table.

Risk Appetite Table

	Averse	Minimal	Cautious	Open	Hungry
Health & Safety	✓				
Safeguarding	✓				
Compliance & Governance	✓				
Cyber Security	✓				
Reputation	✓				
People and Culture	✓				
Impact			✓		
Financial Sustainability			✓		
Programme Delivery			✓		
Collaboration				✓	
Influencing				✓	
Programme Innovation					✓

See table below for description of risk classification.

Risk Classification

Classification	Description
Averse	Avoidance of risk and uncertainty.
Minimal	Preference for very safe options that have a low degree of inherent risk.
Cautious	Preference for safe options that have a low degree of residual risk.
Open	Willing to consider all potential options and choose one that is most likely to result in successful delivery, despite the potential for some degree of risk.
Hungry	Eager to innovate and to choose options offering potentially higher reward, despite greater inherent risk.

A Corporate Risk Register is maintained which identifies risks that could have an impact on the company's ability to deliver its strategic objectives. The Corporate Risk Register is reviewed by the Executive Team at monthly meetings and on a by exception basis. The Audit, Risk and Investment Committee review the Corporate Risk Register when they meet which is normally three times a year. Programme Risk Registers are maintained that reflect risks across various projects. A process is in place for escalating significant programme risks to the Corporate Risk Register. The Audit, Risk and Investment Committee review each Programme Risk Register at least once a year.

The most significant risks faced by EngineeringUK are identified as follows:

- Income falls below expected levels by more than £500k impacting on programme delivery.
- Inability to influence government/others to create the conditions to increase the supply of engineers.
- Failure to deliver Business Plan and/or establish financial sustainability of programmes.

Statement of trustees' responsibilities

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

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 these financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting 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 Auditor

Each of the directors has confirmed that so far as they are aware, there is no relevant audit information of which the company's auditor is not aware, and that they have taken all the 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 auditor is aware of that information.

Appointment of Statutory Auditor

A resolution for the re-appointment of haysmacintyre will be proposed at the forthcoming annual general meeting.

A handwritten signature in black ink, appearing to read "Malcolm Brinded".

Malcolm Brinded
Chairman

Approved by the Board on 6 July 2017 and signed on its behalf

In approving this report, the directors approve the Trustees' Report for charity law purpose and the Directors' Report and Strategic Report for company law purposes.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE ENGINEERING AND TECHNOLOGY BOARD

We have audited the financial statements of The Engineering and Technology Board for the year ended 31 March 2017 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable 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 auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 and of the group's net movement in funds, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:


- The information given in the Trustees' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company and group has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Murtaza Jessa (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditor

6 July 2017.

26 Red Lion Square
London
WC1R 4AG

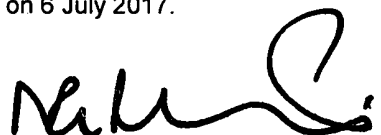
**Consolidated Statement of Financial Activities (incorporating an Income and Expenditure Account)
for the Year Ended 31 March 2017**

		Unrestricted	Restricted	Total Funds 2016/17	Unrestricted	Restricted	Total Funds 2015/16
	Note	Funds £000	Funds £000	£000	Funds £000	Funds £000	£000
Income and endowments from:							
Charitable activities	2	8,562	1,242	9,804	8,379	1,423	9,802
Other trading activities	3	46	-	46	37	-	37
Investments	5	56	-	56	51	-	51
Total		8,664	1,242	9,906	8,467	1,423	9,890
Expenditure on:							
Raising funds	3	31	-	31	24	-	24
Grants payable in furtherance of the charity's objects	20	2,770	-	2,770	2,703	-	2,703
The Big Bang Programme		2,173	315	2,488	1,925	437	2,362
Tomorrow's Engineers Programme		2,219	802	3,021	1,681	986	2,667
Promoting the benefit of engineering and engineering careers		1,608	-	1,608	1,608	-	1,608
Business and Industry engagement		169	125	294	360	-	360
Charitable activities		8,939	1,242	10,181	8,277	1,423	9,700
Total	6	8,970	1,242	10,212	8,301	1,423	9,724
Total income less expenditure excluding investment (losses)/gains		(306)	-	(306)	166	-	166
Net gains/(losses) on investments	8	146	-	146	(84)	-	(84)
Net (expenditure)/income and net movement in funds		(160)	-	(160)	82	-	82
Reconciliation of funds:							
Total funds brought forward							
At 1 April		3,454	-	3,454	3,372	-	3,372
Total funds carried forward							
At 31 March	16	3,294	-	3,294	3,454	-	3,454

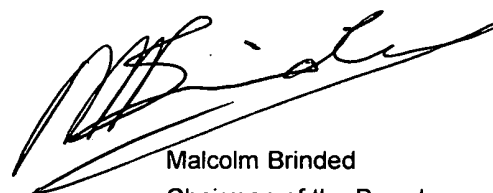
All transactions arose from continuing activities.
All gains and losses are included above.

		Group		Company	
	Note	2017	2016	2017	2016
		£000	£000	£000	£000
Fixed Assets					
Intangible assets	9	111	18	111	18
Tangible assets	10	250	382	250	382
Investments	8	1,377	1,231	1,377	1,231
		1,738	1,631	1,738	1,631
Current Assets					
Debtors and prepayments	12	5,816	5,817	5,584	5,537
Deposits and cash	17	3,190	3,825	3,073	3,501
		9,006	9,642	8,657	9,038
Current Liabilities					
Amounts falling due within one year					
Creditors	13	(1,440)	(1,577)	(1,119)	(1,023)
Income in advance	14	(5,886)	(6,069)	(5,858)	(6,019)
		(7,326)	(7,646)	(6,977)	(7,042)
Net Current Assets		1,680	1,996	1,680	1,996
Creditors: Amounts falling due after one year	15	(124)	(173)	(124)	(173)
Total Net Assets		3,294	3,454	3,294	3,454
Unrestricted funds					
General		2,059	1,887	2,059	1,887
Designated		1,235	1,567	1,235	1,567
Total unrestricted funds	16	3,294	3,454	3,294	3,454
Restricted funds	16	-	-	-	-
		3,294	3,454	3,294	3,454

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 July 2017.



Nicholas Baveystock
Chairman of the Audit Committee



Malcolm Brinded
Chairman of the Board

Consolidated Cash Flow Statement for the Year Ended 31 March 2017

CONSOLIDATED CASH FLOW STATEMENT		2016/17	2015/16
	Note	£000	£000
Cash flows from operating activities:			
Net cash (used in) operating activities	17	(535)	(137)
Cash flows from investing activities:			
Dividends, interest and rents from investments	5	56	51
Purchase of property, plant and equipment and intangibles		(156)	(368)
Net cash (used in) investing activities		<u>(100)</u>	<u>(317)</u>
Change in cash and cash equivalents in the year	18	(635)	(454)
Cash and cash equivalents at 1 April		3,825	4,279
Cash and cash equivalents at 31 March		<u>3,190</u>	<u>3,825</u>

Notes to the Accounts for the Year ended 31 March 2017**1. STATEMENT OF ACCOUNTING POLICIES****1.1 Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

EngineeringUK meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historic cost or transaction value with the exception of investments which are included at market value.

The company holds no complex financial instruments nor are there any areas of material estimation uncertainty affecting the accounts.

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. Further details are given on page 35.

1.3 Group financial statements

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiaries on a line-by line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not presented because advantage has been taken of exemptions afforded by section 408 of the Companies Act 2006.

1.4 Income

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 and of fees due. These amounts are shown under the income and income in advance notes. Income from grants is recognised when income from the grant is due. Where the grant relates to performance and specific deliverables it is accounted for as the charity earns the right to consideration by its performance. Sponsorship and other income received from industry is accounted for on an accruals basis.

1.5 Investment Income

Investment income 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 Expenditure

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 specifically identified costs of governance that arose during the year 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 performance conditions the obligation is recognised when the conditions are met, or when there is an expectation that the grant will be paid. Grants that are potentially payable in future years, but do not meet the above criteria for immediate recognition are recognised in the designated fund.

Notes to the Accounts for the Year ended 31 March 2017

POLICIES - continued**1.8 Pension Costs**

The Group is a participating employer in The Engineering Council Pension Scheme. This is 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 to 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 scheme was closed to new members in February 2002 and in April 2012 the scheme ceased to accrue benefits for remaining members. Engineering UK is a participating employer in the scheme and therefore has a liability to the scheme. A full actuarial valuation of the fund is carried out every three years by The Engineering Council Pension Scheme actuary, with annual actuarial reports in the interim years. A share of liabilities are reflected in the Balance Sheet if there are net liabilities in the scheme at the date of the latest valuation.

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	- 2 to 5 years or the remainder of property lease
Computer software	- 3 years

1.10 Intangible Fixed Assets and Amortisation

Acquired intangible fixed assets costing more than £1,000 are capitalised and included at cost.

Intangible fixed assets are amortised at rates calculated to write off the assets on a straight line basis over their estimated useful economic lives. Impairment of intangible assets is only reviewed where circumstances indicate that the carrying value of an asset may not be fully recoverable.

1.11 Finance and Operating Leases

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred.

Assets obtained under a finance lease are capitalised in the balance sheet and depreciated over their estimated useful lives. The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

1.12 Value Added Tax

Irrecoverable VAT input charges have been included in the expenditure areas to which they relate.

1.13 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.

Notes to the Accounts for the Year ended 31 March 2017

2. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted	Restricted	2016/17 Total	2015/16 Total
	£000	£000	£000	£000
EC Registration fees	6,779	-	6,779	6,724
Corporate and Network Member fees	297	-	297	312
Sponsorship and Grants for projects	1,183	1,242	2,425	2,544
Miscellaneous	303	-	303	222
	<u>8,562</u>	<u>1,242</u>	<u>9,804</u>	<u>9,802</u>

ACTIVITIES

Scenta Limited acts as the trading subsidiary of EngineeringUK. The principal activity during the period was provision of sundry IT services and commission from financial products. The trading subsidiary passes all profits to EngineeringUK as Gift Aid. Its profit and loss account is summarised below:

	2016/17 £000	2015/16 £000
Turnover	46	37
Cost of Sales and Administration Charge from EngineeringUK	(6)	(6)
Gross Profit	<u>40</u>	<u>31</u>
Other Administration Costs	(31)	(24)
Gift Aid payment	<u>(9)</u>	<u>(7)</u>
Profit Before Taxation	-	-
Taxation	-	-
Profit after taxation	<u>-</u>	<u>-</u>
Income included by EngineeringUK company		
Gift Aid payment	9	7
Cost of Sales and Administration Charge exclusive of VAT	<u>6</u>	<u>6</u>
	<u>15</u>	<u>13</u>

4. BIG BANG EDUCATION CIC

Big Bang Education CIC is a wholly owned subsidiary of EngineeringUK. Big Bang Education CIC was set up to deliver the Big Bang National Fair. The results of Big Bang Education are consolidated into The Big Bang Programme line in note 6.

	2016/17 £000	2015/16 £000
Turnover (External)	1,525	1,559
Contribution from EngineeringUK	452	366
Cost of Sales	<u>(1,800)</u>	<u>(1,743)</u>
Gross Profit	177	182
Administration Costs	<u>(177)</u>	<u>(182)</u>
Profit Before Taxation	-	-
Taxation	-	-
Profit after taxation	<u>-</u>	<u>-</u>

5. INVESTMENT INCOME

	2016/17 £000	2015/16 £000
Bank Interest Receivable	13	4
Other Investment Income	<u>43</u>	<u>47</u>
Total Investment Income	<u>56</u>	<u>51</u>

The investment income arises from investments in UK investment funds.

6. CHARITABLE EXPENDITURE**Analysis of expenditure on charitable activities**

	Activities undertaken directly	Grant funding of activities	Direct staff costs	Support costs	Total costs	Total costs
	£000	£000	£000	£000	2016/17 £000	2015/16 £000
Grant to Engineering Council	-	2,770	-	-	2,770	2,703
The Big Bang Programme	1,798	-	382	308	2,488	2,362
Tomorrow's Engineers Programme	504	882	891	744	3,021	2,667
Promoting benefit of engineering and engineering careers	599	-	587	422	1,608	1,608
Business and Industry engagement	1	-	175	118	294	360
Total expenditure on charitable activities	2,902	3,652	2,035	1,592	10,181	9,700
Raising funds	31	-	-	-	31	24
Total expenditure	2,933	3,652	2,035	1,592	10,212	9,724

Other allocated costs have been applied to expenditure areas in ratio to the average number of staff employed in each area.

Analysis of support costs

	The Big Bang Programme	Tomorrow's Engineers Programme	Promoting benefit of engineering and engineering careers	Business and Industry engagement	Total costs	Basis of allocation
	£000	£000	£000	£000	£000	Support costs have been allocated in ratio to the average number of staff employed in each area.
Management	79	192	108	30	409	
Finance and HR	41	101	57	16	215	
Governance	64	156	88	25	333	
Premises and office services	106	255	145	40	546	
Depreciation	15	35	21	6	77	
Insurance	2	6	3	1	12	
Total	307	745	422	118	1,592	

7. 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 31 March 2017 the following transactions took place:

1. EC assigned all income derived from Registration fees, £6.8 million (2016: £6.7 million), to EngineeringUK.
2. EngineeringUK provided a grant to EC of £2.8 million (2016: £2.7 million) to fund its operations.
3. EngineeringUK and EC have occupied the same floor at Woolgate Exchange since 15 May 2015. The lease is jointly held. Where possible each party paid directly for its own costs.
4. At 31 March 2017 EngineeringUK owed EC £39k (2016: £113k) relating to office service charges.

Notes to the Accounts for the Year ended 31 March 2017

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

	2017	2016
	£000	£000
Market value at start of period	1,231	1,315
Cost of purchases	-	-
Disposal proceeds	-	-
Realised/unrealised gain/(loss) for the period	146	(84)
Market value at 31 March	<u>1,377</u>	<u>1,231</u>
Historical cost at 31 March	<u>1,000</u>	<u>1,000</u>

9. INTANGIBLE FIXED ASSETS (OF THE GROUP AND COMPANY)

	Licence
	£000
Cost	
Brought forward 1 April	30
Acquisitions during period	120
Disposals during period	(30)
Carried forward 31 March	<u>120</u>
Amortisation	
Brought forward 1 April	12
Charge for period	27
Disposals during period	(30)
Carried forward 31 March	<u>9</u>
Net Book Value	
31 March 2017	<u>111</u>
31 March 2016	<u>18</u>

All assets are used by the charity for its own purposes. Scenta Limited & Big Bang Education CIC have no fixed assets.

Notes to the Accounts for the Year ended 31 March 2017

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

	Computer & office equipment £000	Refurbishment £000	Total 2017 £000
Cost			
Brought forward 1 April	252	505	757
Acquisitions during period	21	15	36
Adjustments	-	(46)	(46)
Disposals during period	-	-	-
Carried forward 31 March	<u>273</u>	<u>474</u>	<u>747</u>
Depreciation			
Brought forward 1 April	159	216	375
Charge for Period	35	87	122
Disposals during period	-	-	-
Carried forward 31 March	<u>194</u>	<u>303</u>	<u>497</u>
Net Book Value			
31 March 2017	<u>79</u>	<u>171</u>	<u>250</u>
31 March 2016	<u>93</u>	<u>289</u>	<u>382</u>

All assets are used by the charity for its own purposes. Scenta Limited & Big Bang Education CIC have no fixed assets.

The adjustment of £46k relates to the release of an over accrual made in the prior year.

11. INVESTMENT IN SUBSIDIARY COMPANIES

EngineeringUK holds 100% of the issued share capital of Scenta Limited of 1 ordinary share of £1. It also owns Big Bang Education CIC, a company limited by guarantee, with a guarantee of £1.

12. DEBTORS AND PREPAYMENTS

	Group		Company	
	2017 £000	2016 £000	2017 £000	2016 £000
Scenta Limited	-	-	26	23
Other debtors	5,619	5,539	5,390	5,274
Prepayments and accrued income	<u>197</u>	<u>278</u>	<u>168</u>	<u>240</u>
	<u>5,816</u>	<u>5,817</u>	<u>5,584</u>	<u>5,537</u>

The Registration Fees Due are included within other debtors and represent fees yet to be paid over by Institutions for 2017. The fees are due from registrants on 1st January but, by agreement, are paid over by instalments over the year.

Notes to the Accounts for the Year ended 31 March 2017

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade creditors	597	563	145	54
Big Bang Education CIC	-	-	350	222
Pension scheme	19	16	19	16
Taxation, including Income Tax	209	184	77	70
Accruals	615	814	528	661
	<u>1,440</u>	<u>1,577</u>	<u>1,119</u>	<u>1,023</u>

14. INCOME IN ADVANCE

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
EC registration fees	5,409	5,175	5,409	5,175
Members fees received in advance	115	161	115	161
Project income in advance	362	733	334	683
	<u>5,886</u>	<u>6,069</u>	<u>5,858</u>	<u>6,019</u>

Income from registration fees is accounted for on an accruals basis. The above represents income to be recognised over the remainder of the calendar year.

15. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Accruals	124	173	124	173
	<u>124</u>	<u>173</u>	<u>124</u>	<u>173</u>

Notes to the Accounts for the Year ended 31 March 2017

16. FUNDS

Movements in the Funds during the Year have been as follows:

	1 April 2016	Net surplus/ (deficit) of resources for the period	Other recognised gains/(loss)	Reserve transfers	31 March 2017
	£000	£000	£000	£000	£000
General Fund	1,887	418	146	(392)	2,059
Designated Funds					
Grant Offers Fund	281	(281)	-	282	282
Fixed Assets Fund	400	(149)	-	110	361
Programme Growth Fund	886	(294)	-	-	592
Total Designated Fund	1,567	(724)	-	392	1,235
Total Funds	3,454	(306)	146	-	3,294

There were no restricted funds held at 31 March 2017. The £0.3m Grant Offers Fund relates to grant offers made under the Tomorrow's Engineers programme and Big Bang Near Me programme that are dependent upon outcomes in the future. The fixed assets fund represents funds that have been spent on fixed assets, these fixed assets are necessary for the charity's continuing activities. The £0.6 million Programme Growth Fund is for programme development. The General Reserve represents free funds that are not designated for particular purposes.

17. RECONCILIATION OF NET EXPENDITURE TO NET CASH (USED IN) OPERATING ACTIVITIES	2016/17 £000	2015/16 £000
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(160)	82
Adjustments for:		
Depreciation and amortisation charges	149	131
Fixed asset adjustment	46	-
(Gains)/losses on investments	(146)	84
Dividends, interest and rents from investments	(56)	(51)
(Increase) in debtors	(1)	(793)
(Decrease)/increase in creditors	(184)	596
(Decrease) in income in advance	(183)	(186)
Net cash (outflow) from operating activities	(535)	(137)

18. ANALYSIS OF CHANGES IN CASH BALANCES	At 1 April 2016	Cash Flows	Other Changes	At 31 March 2017
	£000	£000	£000	£000
Cash at bank and in hand	3,501	(428)	-	3,073
Cash balances - company	3,501	(428)	-	3,073
Trading subsidiary	78	(37)	-	41
Big Bang subsidiary	246	(170)	-	76
Cash balances - group	3,825	(635)	-	3,190

Notes to the Accounts for the Year ended 31 March 2017

19. SUMMARY OF RESTRICTED INCOME RECEIVED

	2016/17	2015/16
	£000	£000
The Big Bang Fair	315	437
Big Bang Near Me	16	156
Employer Engagement Programme	125	-
Tomorrow's Engineers	786	830
Total	<u>1,242</u>	<u>1,423</u>

The income for The Big Bang Fair includes a grant of £nil (2016: £333,000) from the Department for Business, Innovation and Skills.

The income for the Big Bang Near Me Programme includes a grant of £nil (2016: £150,000) from the Department for Education.

The income for the Big Bang Near Me Programme and Employer Engagement Programme includes a grant of £141,000 (2016: £nil) from the Careers and Enterprise Company.

20. GRANTS PAID

	2016/17	2015/16
	£000	£000
Engineering Council	<u>2,770</u>	<u>2,703</u>
Tomorrow's Engineers Programme:-		
<i>Big Bang Near Me</i>		
The Engineering Education Scheme in Wales	20	20
ByDesign Group Ltd	82	88
SETPPOINT Hertfordshire	35	35
Stemnet	12	18
Stem Sussex	50	46
Mersey Stem	59	53
NYBEP	39	43
Energy Skills Partnership	22	6
Sentinus	50	51
HETA	26	44
Seventh	28	25
CSW Group Ltd	48	49
Derbyshire Education Business Partnership	17	-
STEM Learning	10	-
<i>Tomorrow's Engineers</i>		
The Educational Development Trust	-	33
The Engineering Education Scheme in Wales	-	15
The Scottish Council for Development and Industry	-	22
Sentinus	-	22
The Smallpeice Trust	369	429
Young Engineers	-	29
By Design	15	102
Science Made Simple	-	29
	<u>882</u>	<u>1,159</u>
Total	<u>3,652</u>	<u>3,862</u>

Notes to the Accounts for the Year ended 31 March 2017

21. EXPENSES REIMBURSED TO AND PAID ON BEHALF OF TRUSTEES

	2016/17	2015/16
Expenses were reimbursed to or paid on behalf of Trustees during the year as follows:	£	£
Travel and subsistence	5,183	6,059
Number of Trustees reimbursed for expenses or who had expenses paid on their behalf	10	5

22. LEGAL, AUDIT AND OTHER FINANCIAL SERVICES COSTS

	Group		Company	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Legal costs	63	26	61	13
Other professional services	16	14	16	14
Auditor's remuneration:-				
Audit fees	19	22	16	19
Tax services	4	4	2	-
Total	102	66	95	46

23. COMMITMENTS

Operating lease commitments

The following payments will be made in respect of future minimum commitments on operating leases expiring:

	Company and Group	
	2016/17	2015/16
	Land and Buildings	Land and Buildings
	£000	£000
Due within one year	316	316
Due within two to five years	605	921
Total due	921	1,237

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 March 2017 are represented by:	General funds	Designated funds	Total
	£000s	£000s	£000s
Fixed assets and investments	1,738	-	1,738
Current assets	274	8,732	9,006
Current liabilities	-	(7,326)	(7,326)
Long term liabilities	-	(124)	(124)
Total net assets	2,012	1,282	3,294

Notes to the Accounts for the Year ended 31 March 2017

25. STAFF COSTS INCLUDING PENSIONS AND SOCIAL SECURITY COSTS**Group and parent:**

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

	2016/17	2015/16
	No	No
Executive team	5	4
Staff in direct activities	31	27
Secretarial and administrative staff	5	4
Total Staff	41	35

The actual staff employed at period end was 46 (2016:40)

Staff Costs	2016/17	2015/16
	£000	£000
Salaries	2,057	1,778
Social security costs	242	207
Other pension costs	154	165
Other staff benefits	62	53
Temporary and agency staff	19	73
Termination and redundancy payments	104	11
Recruitment, training, travel and other expenses	245	235
	2,883	2,522

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

	2016/17	2015/16
Exceeding £80,000 but not exceeding £90,000	0	2
Exceeding £90,000 but not exceeding £100,000	1	0
Exceeding £100,000 but not exceeding £110,000	1	0
Exceeding £110,000 but not exceeding £120,000	1	1
Exceeding £130,000 but not exceeding £140,000	1	1
Exceeding £210,000 but not exceeding £220,000	0	1
Exceeding £240,000 but not exceeding £250,000	1	0

EngineeringUK has provision in the Company's Memorandum of Association and approval from the Charity Commission to remunerate the Chair for their duties. Both the previous and the current Chairs have waived their remuneration. Other than the Chief Executive, no trustee received any emoluments during the year.

The total employer contributions during the period to the defined contribution pension schemes relating to the higher paid staff above was £43,690 for 4 employees (2016: £86,640 for 5 employees) including contributions of £nil (2016: £44,435) relating to the Chief Executive. None 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 and a trustee. The Chief Executive was the highest paid director in 2016/17. During the period he was due total emoluments of £348,991 (2016: £213,000). Included within the amount of 2016/17 is an ex-gratia supplement of £24,108 in lieu of contributions previously made to pension and a termination payment of £104,318 paid after the year-end.

Notes to the Accounts for the Year ended 31 March 2017

25. STAFF COSTS INCLUDING PENSIONS AND SOCIAL SECURITY COSTS - continued**Key Management Personnel**

The Key management personnel comprises the executive management team and is made up of the following positions within the organisation:

Chief Executive
 Director of Business & Industry
 Director of Communications
 Director of Finance and Corporate services
 Director of Tomorrow's Engineers

The total remuneration, benefits and pensions paid to them in the year was:

	2016/17	2015/16
	£000	£000
Salaries	619	514
Staff benefits	75	76
Pension costs	44	78
Termination & redundancy	104	-
	<u>842</u>	<u>668</u>

Notes to the Accounts for the Year ended 31 March 2017**26. 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 a participating employer of the Engineering Council Pension Scheme.

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested in The Engineering Council Pension Scheme. Contributions to the fund are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the company. On 26 February 2002 the company decided not to offer membership of the scheme to new employees. In April 2012 the scheme ceased to accrue benefits for existing members.

The Engineering Council Pension Scheme is a defined benefit 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 State Street Global Advisors, and the company's underlying share of assets and liabilities in the fund is not separately determined although it is estimated by EngineeringUK to be around 7%.

At 31 March 2017 there were no (2016 - nil) members of EngineeringUK staff contributing to the Scheme. EngineeringUK employer contributions during 2016/17 were £nil (2015/16 - £nil). Employer contributions in 2016/17 are expected to be £nil as the Scheme ceased to accrue benefits for remaining members in April 2012.

A full actuarial valuation of the fund is carried out every three years by The Engineering Council Pension Scheme actuary, with annual actuarial reports in the interim years. The last report was dated 31 December 2016 and the report showed net assets of £580,000.

The Scheme was closed to new members in February 2002 and in April 2012 the Scheme ceased to accrue benefits for remaining members. Engineering UK is a participating employer in the Scheme and therefore has a liability to the scheme. The share of assets were not recognised in the Balance Sheet as they would be non-recoverable.

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 £154k (2015/16: £165k). These figures include contributions for the higher paid employees and the Chief Executive shown under note 26.

Governance and Management

EngineeringUK is the working name adopted by the Engineering and Technology Board. EngineeringUK is a charitable company limited by guarantee (Company No. 4322409), incorporated on 14 November 2001. The address of the principal and registered office is 5th Floor, Woolgate Exchange, 25 Basinghall Street, London, EC2V 5HA.

The members of the Board are deemed to be the trustees. The Board generally meets four times a year. Members of the Company are the 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 77 members. There are two electoral colleges, the Professional Engineering College, consisting of persons representing Professional Engineering Institutions (PEIs) licensed by Engineering Council (EC), and the Business and Industry College, consisting of persons representing industry. 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.

The Nominations and Remuneration Committee (N&RC) has responsibility for recommending appointments to the Board of Trustees and committees.

The Audit, Risk and Investment Committee (AC) ensures a sound system of internal controls, risk management and accounting policies are maintained in accordance with corporate governance requirements. The AC liaises directly with the external auditors including during the planning of the annual audit. Areas of particular focus are discussed with the auditors and inform the audit plans. Regular reports are received from the Internal Audit Manager with whom the AC agrees a rolling programme of internal audits. The AC ensures the investments of EngineeringUK are managed in accordance with the agreed policy. It also monitors the performance of the investment advisor. The AC reports to the Board of Trustees.

Remuneration Policy

EngineeringUK is committed to paying staff fairly at an appropriate level to attract and retain people with the right skills and experience to ensure that the organisation delivers its charitable objectives and execute the strategy set by the Board.

Total staff salary budgets, employment policy and the specific contracts and remuneration of the Chief Executive and Executive Team are delegated to the N&RC which reports directly to the Board of Trustees.

Trustee Recruitment, Appointment and Induction

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 an open and competitive process. The Chairman of the EC is an ex officio member of the Board and appointed through a process specified by the EC. 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 have nominated their Chief Executives to sit on the Board. Members of the electoral colleges elect four persons for nomination from amongst their

number. Appointment of other Board members is through selection to meet the skills needs of the Board.

New trustees are provided with a Trustee 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.

Members of Board and Trustees	Method of Appointment	Committee Membership
The trustees serving during the year and since the year end were:		
Paul Golby (Chair, resigned 30 September 2016)	Board	N&RC (Chair until 30 September 2016)
Malcolm Brinded (Chair, appointed 1 October 2016)	Board	N&RC (Chair from 1 October 2016)
Toby King (Deputy Chair, appointed as Deputy Chair 6 April 2017)	Board	N&RC
Miranda Appleton	Board	
Nicholas Baveystock	ICE	AC (Chair)
Elizabeth Meyrick	Professional Engineering College	
Victor Chavez	Business & Industry College	N&RC
Nigel Fine	Professional Engineering College / IET	N&RC
Robin Gisby	Business & Industry College	AC
Philip Greenish	RAEng	
Nigel Guild	Ex officio	
Paul Jackson (Chief Executive)	Board	
Julie Maxton	Board	
Elaine Roberts	Board	N&RC
Sarah Spurgeon	Board	
Stephen Tetlow	IMechE	AC
Member of Audit, Risk and Investment Committee (AC)		
Member of Nominations and Remuneration Committee (N&RC)		

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 Strategy and Business Plan/Budget approved by the Board. Expenditure authority limits have been set by the AC. 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, Chief Executive and Board member

Bryan Berry, Director Tomorrow's Engineers

Chris Boyle, Director of Finance and Corporate Services and Company Secretary

Beth Elgood, Director of Communications

John Halton, Director of Business & Industry

Paul Jackson will be leaving EngineeringUK in July 2017, having been Chief Executive for eight years. We are in the process of recruiting a new Chief Executive.

Professional Advisors**Auditor**

haysmacintyre, 26 Red Lion Square, London, WC1R 4AG

Bankers

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

Lloyds Bank, 25 Gresham Street, London, EC2V 7HN

Insurance Brokers

Henderson Insurance Brokers Ltd, 1st Floor The Forum, Minerva Business Park, Lynchwood, Peterborough, PE26FT

Solicitors

Bates Wells & Braithwaite London LLP, 10 Queen Street Place, London, EC4R 1BE

Investment Advisors

Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU

Pension and Staff Benefits

3sixty Financial Limited, Media House, 4 Stratford Place, London, W1C 1AT