



Society of Operations Engineers

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2021**

THE SOCIETY OF OPERATIONS ENGINEERS

Registered in England
Company No 3667147
Registered Charity No 1081753



ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021

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Registered Office
22 Greencoat Place, London SW1P 1PR
Tel: 020 7630 1111 Website: www.soe.org.uk

The Society is governed by its Memorandum and Articles of Association

VAT Registration No 751 8131 42

A company limited by guarantee.

A Licensed Member of the Engineering Council and the Society for the Environment

THE SOCIETY OF OPERATIONS ENGINEERS

Patron Sir John Parker GBE

TRUSTEE BOARD

President	JE Eastman EngTech CEnv FSOE FIRTE
Chair	SM Stephenson EngTech FSOE FIRTE
Director International	C Grime EngTech CEnv FSOE FIRTE
Director Standards	GM Gilby IEng CEnv FSOE FIPlantE
Director Services	I Jones MSOE MIRTE (appointed Aug 2022)
Director Governance, Risk & Compliance	HM Seymour CEng CEnv FSOE FIPlantE FIRTE
Director IRTE	SS Cheema EngTech FSOE FIRTE (appointed Oct 2021)
Director BES	D Greer IEng REnvP MSOE MBES (appointed Jun 2022)
Director Environment	S G Tweed CEng CEnv FSOE FIPlantE (appointed Jun 2022)
Director Co-opted	MP Sweetmore Eng Tech MSOE MIRTE
Director Co-opted	CJ Harries MSOE MIRTE (appointed Oct 2021)
Director Co-opted	D Rathe MSOE MIRTE (appointed Oct 2021)

MANAGEMENT TEAM

Chief Executive Officer & Company Secretary	Bruce McGill (left Feb 2022)
CV Show Director	Murray Ellis
Chief Operating Officer	Daniel Moir BA(Hons)
PA to CEO and Office Manager	Emma Thompson MSOE (left Feb 2022)
Head of Finance	Pamela Mansley FCCA
Marketing & Communications Manager	Kerry Holmes
Membership Manager	Oliver Teasell MSOE MBES
Professional Standard Manager	Robin Bates MSOE MBES
I.T. Manager	Cheryl Carroll

PROFESSIONAL ADVISORS

Statutory Auditor	Crowe U.K. LLP 55 Ludgate Hill, London EC4M 7JW
Bankers	HSBC Bank plc 333 Vauxhall Bridge Road, London SW1V 1EJ
Investment Manager	Rathbone Investment Management Limited Port of Liverpool Building, Pier Head, Liverpool L3 1NW
Solicitors	Burlingtons LLP 5 Stratford Place, London W1C 1AX

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2021

THE TRUSTEES, who are also Directors of the Society (Company no.3667147), Registered Charity (no. 1081753) for the purposes of the Companies Act, submit their report and the audited financial statements for the year ended 31 December 2021. In preparing the report and financial statements of the Society, the Trustees have adopted the provisions of the *Charities SORP (FRS 102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015*. The Society is governed by its Memorandum and Articles of Association adopted on 12 November 1998 and last amended on 28 June 2007.

The Trustees at the date of this report, who served throughout the year except where otherwise stated, are the members of the Society's Trustee Board listed on page 2.

OBJECTIVES OF THE SOCIETY

The Society's objectives, as specified in the Memorandum of Association as its objects, are:

- A. To improve and elevate technical and general understanding, knowledge, skill and competence of persons engaged or desiring to be engaged in operations engineering or any related employment, and the integrity and repute of the profession thereof.
- B. To promote and encourage the advancement of science, technology and practice, and inventions and improvements in the field of operations engineering and any other related branches of engineering, and the dissemination and exchange of ideas, information and knowledge thereof.
- C. By means of A and B above, but without prejudice to the generality thereof, to promote the safety, efficiency and environmental sustainability of operations engineering to the benefit of the community at large.

AIMS OF THE SOCIETY

The aims of the Society are to promote, for the public benefit, safe, efficient and sustainable operations engineering to the community at large, through:

- Improving professional education, training, competence and ethics;
- Influencing legislation and design;
- Enhancing public understanding of the contribution of the Society and its membership to the community;
- Promoting the benefits of membership and professional registration.

2021 BUSINESS PLAN

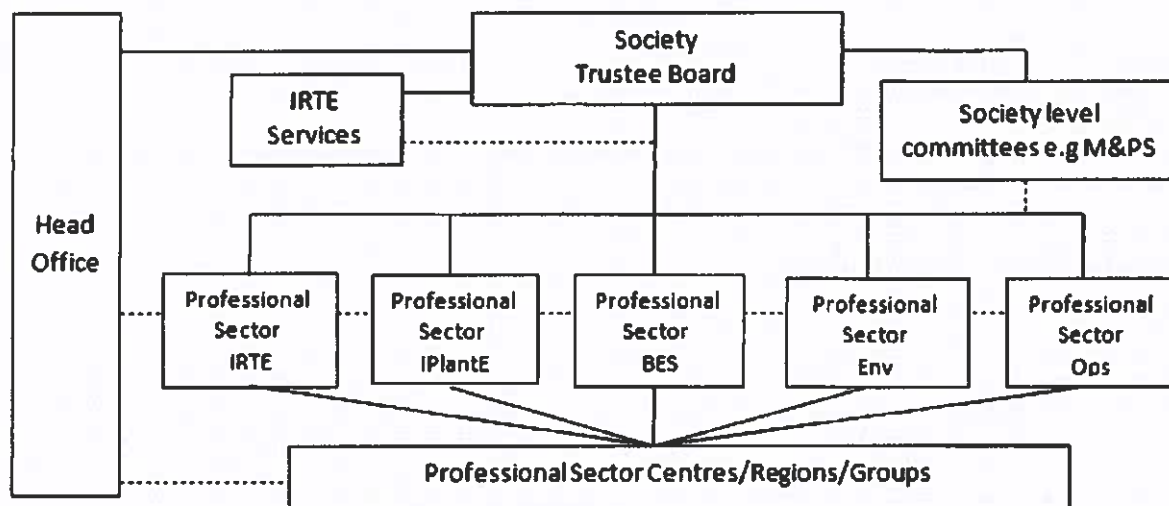
In 2021 the Society, like all other organisations, had to continue to adapt its plans to allow for the impact of the Covid-19 pandemic. After an initial period of optimism regarding a return to normality the discovery of a new strain and subsequent reintroduction of restrictions meant that many activities, including events, had to be shifted from face to face to online, utilising online conferencing tools.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure

The Society is governed by a Trustee Board, comprising sixteen members, who are responsible for the overall governance of the Society. The Board is supported by the trading company, IRTE Services Limited, the Audit and Risk committee the Membership & Professional Standards committee and the Professional Sector Councils.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2021



The primary role of the IRTE Services Board is the management of the Commercial Vehicle Show and the IRTE Workshop Accreditation Scheme. The Membership & Professional Standards Committee is responsible for setting and maintaining professional standards and their role includes monitoring all applications from individuals wishing to join the Society or to register with the Engineering Council or the Society for the Environment. The Professional Sector Councils have responsibility for ensuring that the Society provides relevant support and professional development opportunities for their sector members.

The Society's finances are regularly reviewed by the Audit and Risk committee. The Trustees also monitor performance against the business plan, the adequacy of the Society's reserves and the financial performance against budget.

Trustee selection, training and competence

The Trustee Board are principally elected by voting members of the Society. The exception is the Chair of IRTE Services Limited, Honorary Treasurer, Honorary Secretary, Chair of the Membership and Professional Standards Committee and the President of the Society. The President elect and immediate past President are ex officio members of the Trustee Board. At least 50% of the Professional Sector Council members are elected from and by the voting members of the professional sectors. The Trustee Board and the Professional Sector Councils annually conduct a review of skills needed and recruitment opportunities. The Trustee Board and the Professional Sector Councils are also able to co-opt key members with appropriate skills and knowledge to join and contribute to their activities.

The Nominations Committee continue to support the process of succession planning for the Society. The committee is Chaired by the President Elect and is responsible for ensuring plans are in place for orderly succession to Board positions and senior Board roles and oversees the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Society, and the skills and expertise needed on the Board in the future.

Upon taking up their post, newly elected Trustees receive training covering corporate governance, charity law and policies and procedures of the Society. The Trustees and members of the Professional Sector Councils are subject to the Society's Code of Conduct. The Trustees confirm that they have complied with the requirements of the Charities Act 2011 to have due regard to the Charity Commission's published general guidance on public benefit.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2021

In addition to those listed on page 2, the following Trustees also served on the Board during the year:

A Fraser-Hitchen CEng FSOE (resigned Aug 2022)
 SA Catte IEng CEnv HonFSOE HonFIPlantE (resigned Oct 2021)
 D Young IEng FSOE FBES (resigned Jun 2022)
 AS Robinson CEng MSOE MIRTE MIPlantE (resigned Nov 2021)
 AJ Jackson CEng FSOE FIPlantE (appointed Nov 2021, resigned Jun 2022)
 AJ Cockcroft EngTech MSOE MIRTE (appointed Oct 2021, resigned Jun 2022)
 A Reid IEng CEnv FSOE FBES (resigned Jun 2022)
 AD Jolliffe MSOE MIRTE (resigned May 2022)

Staff

Bruce McGill, Chief Executive, oversaw the implementation of the 2021 business plan agreed by the Trustee Board. Key management personnel are those senior managers identified on page 2. Their pay and benefits are reviewed annually in line with similar positions in the charity sector. In an effort to better align the staff team to implement outputs and offer greater support, the Trustees agreed to certain alterations to the head office structure. These changes took place in 2022 and included the redundancy of the Chief Executive Officer. The Trustees would like to thank Mr McGill for his time at the Society and leading the organisation through the difficulties presented by the pandemic.

Volunteers

The Trustees are appreciative of the many members who give of their time to serve on the Professional Sector Councils and Committees both centrally and in the regions. There are some 250 volunteers who serve the Society in a variety of roles and responsibilities. The Trustees are aware that time given by the volunteers is extremely valuable and an important part of the running of the organisation.

Risk Management

The Trustees are responsible for the management of risks faced by the Society and seek early identification, evaluation and effective management and mitigation of key risks. A formal review of the Society's risk management process is undertaken on an annual basis. The Audit and Risk Committee is responsible for regularly reviewing the risk register and reporting to the Trustee Board. Other controls include comprehensive strategic planning, budgeting and management reporting, formal lines of reporting and written procedures including authorisation of procurement and approval levels.

The principal risks to the Society, identified by the Trustees are:

- *Loss of membership and licenced body status with Engineering Council and Society for the Environment* - with Board approval, the Membership and Professional Standards Committee has continued to initiate new campaigns to improve recruitment and retention of members and to ensure compliance with the Engineering Council and Society for the Environment regulations.
- *Loss of income from the Commercial Vehicle Show* - income from the Show is a significant part of the Society's overall income. The Covid-19 pandemic has substantially increased the nature of this particular risk and led to increased measures to monitor and mitigate the risk by reducing the Society's reliance on the Show's income and diversifying other income streams.
- *Damage to reputation* - the Board is aware of the need for consistent and clear communications that ensure all members of the Society feel informed and engaged with the activities and strategic focus of the Society.
- *Loss of charitable status* – the Board and senior staff regularly review and update the Society's activities to ensure they are in-line with the latest Charity Commission requirements and regulations.

Governance and Patron

Sir John Parker was appointed as Patron of the Society in July 2019 and has represented the Society at a number of events including the IRTE Skills Challenge. Unfortunately, the pandemic meant the cancellation of the majority of Society events in 2021.

The Society continues to review its governance documents against the Charity Governance Code and updating its Memorandum and Articles of Association to represent best practice. At an Extraordinary General Meeting

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2021

in July 2022, the membership voted to agree an updated version of the Memorandum and Articles of Association which will now be flushed through all other related documents.

The updated Memorandum and Articles of Association brings the Society inline with recognised best practice within the Professional Engineering Institute community and was a key requirement of extending the organisations license with the Engineering Council. It will allow for changes to the Board structure, modernising its running and ensuring greater representation of the Society's Sectors.

The Society is led by its Trustee Board and supported by cross sector Committees including the Membership & Professional Standards Committee and the Audit & Risk Committee, providing detailed oversight and scrutiny of key areas of operation for the Society. Each Sector has its own Professional Sector Councils which feeds into these committees and decision-making process (see organisation chart on page 4).

The Audit & Risk Committee continue to ensure detailed oversight and scrutiny of key areas of operation for the Society. Terms of reference for the committee include:

- Review annual accounts for the Society and IRTE Services Limited, and attend auditors annual meeting
- Review the investment portfolio of the Society
- Review and update the risk register
- Oversee the annual insurance renewal

REVIEW OF ACTIVITIES

Upon entering 2022, the Society had wide ranging plans intended to support its Vision. These were based on the prevailing feeling of an expected return to normality and the opportunity to regain ground lost due to the pandemic. The centre around building international relationships, expanding events and developing commercial activities through accreditations. However, a return of restrictions due to a new strain of the virus made it clear that, once again, some activities, mainly focused on international development and live events, would not be possible and the business plan was revised accordingly.

The Society continued to utilise improved video conferencing platforms to strengthen relationships with key industry partners and to take part in the development of accreditations and delivery of CPD. The Society continued to work with key partners to enhance their apprenticeship programmes and supported the HGV and Bus & Coach Trailblazer group, providing apprentices with technical information through publications, website updates and assisting them to register with the Engineering Council and the Society for the Environment.

Despite the continued effects of the pandemic there have been a number of successes to report, the inaugural Safety & Sustainability Awards, the return of the Skills Challenge and continued influence upon decision makers within relevant sectors and the introduction of the Society's webinar series.

Although the Society is a membership body, the majority of its activities are open to the public and are relevant to a wide array of specialisms and interests related to engineering. By making most of its events and published content available to all, the Society aims to improve standards of training and competence across all operations engineering fields.

Senior members of staff and members of the Trustee Board, the IRTE Services Board and the four Professional Sector Councils attended a number of meetings with the Society's business partners in order to raise the profile of the organisation as well as its Professional Sectors. Meetings have been held with Department for Transport (DfT), Institute of Motor Industry (IMI), Logistics UK (Logistics), Road Haulage Association (RHA), The Society of Motor Manufacturers & Traders (SMMT), Garage Equipment Association (GEA), Chartered Institute of Transport (CILT), Driver Vehicle Standards Agency (DVSA), Traffic Commissioners, HSE, Safety Assessment Federation (SAFed), Institute for Apprenticeships, vehicle manufacturers, fellow Professional Engineering Institutions and key industry stakeholders.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2021

Services to Engineers

By constantly reviewing the quality of information it provides to its members, the Society aims to ensure that standards of engineering in the relevant fields are maintained, ensuring that only competent practitioners serve the public. A number of best practice guides have been updated or published in 2021, which are available on the Society's website. The Society has also helped new engineers develop in their chosen field by assessment and accreditation of relevant training courses.

The Society continued to make improvements to its digital platform, including streamlining the user journey and improved signposting of key information. As a result, we continue to see a rise in online traffic and are better able to customise members experiences.

The Society e-newsletter is circulated to some 15,500 members and 2,500 non-members. Regular coverage in trade and regional publications also continues to increase ensuring that members are aware of the Society's activities.

Engineering Council registration is an important consideration for new members joining the Society as it demonstrates their engineering competency and is recognised throughout the world. During 2021, the Society registered 179 new Chartered Engineers, Incorporated Engineers and Engineering Technicians with the Engineering Council, we also supported 89 registrants from our affiliate programs.

Organisations continue to support Engineering Council registration, and many are now ensuring that all employees are professionally registered at the point of applying for membership. A streamlined process has been developed to allow these individuals to be fast tracked through the system.

The Society was awarded licensed body status by the Society for the Environment in 2011 enabling the Society to award the title of Chartered Environmentalist (CEnv) to suitably qualified individuals, in 2020 the Society was also granted the licence to award Registered Environmental Practitioner (REnvP).

Membership acquisition for the Society remained steady throughout 2021 and surpassed expectations. This can be attributed to the end of the furlough scheme, recruitment campaigns by Corporate Partners and promotional work by the Society highlighting the employability of registered individuals. Online recruitment remains the main source for new members. The Society will carry out targeted marketing campaigns throughout 2022, with a particular emphasis on apprentices and those linked with the environmental sector.

The Society continues to support apprenticeship schemes across relevant sectors including offering free apprentice membership to MAN, DAF Trucks and Stagecoach. Despite restrictions the IRTE Skills Challenge was able to go ahead, taking place at Williams F1 Conference Centre in October.

The Society has accredited a number of courses during the year including courses approved as meeting the academic requirements of the Engineering Council as Incorporated Engineers and Engineering Technicians and also those meeting the Society's academic requirements for Continuing Professional Development (CPD).

There were 2,086 irtec licences awarded in 2021.

Regional Groups and Centres

Due to the national restrictions brought about by the pandemic all of the Society's Regional Groups and Centres cancelled face to face meetings and CPD presentations. Many committees continue to meet online The Hong Kong Regional Group was also severely affected by the pandemic and had to cancel all planned events.

Publications

The Society's has two publications, *Transport Engineer* and *Operations Engineer*. They are designed to help all involved with operations engineering to keep up to date with latest developments. All members receive the publication that is most relevant to them as part of their membership but there are also many non-members who subscribe to these publications. All members also receive a copy of the Society's quarterly newsletter, *SOE News*. Corporate Partners receive copies of these publications to distribute amongst their staff and other key organisations also receive copies on a regular basis.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2021

Education

We recognise that, as a Professional Engineering Institution, we have a responsibility greater than simply recruiting competent persons into membership. As an independent body we strive to ensure that the public is aware of the importance of engineering in general and of it being conducted by competent persons. We ensure that members' skills are kept up to date through technical publications, the website, CPD lectures and networking meetings with their peers.

The Society's webinar series has developed to a central part of the membership offering delivering monthly online opportunities for our members to receive CPD.

The Society, through its IRTE Professional Sector continues to work with the Traffic Commissioners and the Driver and Vehicle Standards Agency (DVSA) who support the accreditation of workshops and licensing of technicians. The Society's technician licensing scheme (irtec) and the IRTE Workshop Accreditation Scheme are important in raising standards of vehicle maintenance and compliance across the road transport industry and continue to be sign posted through the DVSA's Guide to Roadworthiness and the Fleet Operators Recognition Scheme (FORS).

The Society was delighted to hold the inaugural Safety & Sustainability Awards in October. Awards were presented across the respective regions with the Society culminating in the Sir Moir Lockhead Award acknowledging leaders in safety. The event was well attended and fully funded through sponsorship from key industry partners. The Society also continued to be fully committed to recognising excellence across our Professional Sectors through regional awards and have publishing a number of case studies to highlight best practice.

The IRTE Professional Sector continues to work with the IMI in developing irtec, with the key objectives of improving industry standards and the competence of technicians working in the industry. The irtec Steering Group meets regularly with the remit of ensuring the irtec scheme continues to comply with industry requirements. Members of the group include representatives from manufacturers, operators, bus companies and training providers.

Fundraising

The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Trading Company Activities

The Commercial Vehicle Show was able to go ahead, albeit at a postponed date towards the end of the year. A smaller show than in previous years, it was the first road transport conference to take place once restrictions were lifted and was well received by the industry. The 2022 Commercial will be pushed back to accommodate the delivery of the postponed 2021 show and is due to take place at the NEC in June.

The IRTE Workshop Accreditation Scheme was developed in consultation with industry, vehicle manufacturers and key government agencies to deliver an independent accreditation scheme to regulate and improve industry standards for maintenance providers. The Scheme is owned by IRTE Services Limited and is delivered by trusted partners, including the Freight Transport Association, S & B Automotive and the Road Haulage Association. The IRTE Services Limited Board has overall responsibility for the governance and development of the Scheme. Around 600 workshops have been audited since the scheme started with more audits being arranged. The Accreditation Scheme has been recently been updated to include the addition of electric vehicles to fleets.

FINANCIAL REVIEW

Results

The Statement of Financial Activities (SOFA) for the year is set out on page 16 of the financial statements. The surplus for the year (including gains on investment) is £59,098 compared to the surplus last year of £59,587. Charitable income of £1,843,681 in 2021 is £98k higher than in 2020. This reflects the improvement in volume

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2021

of economic activity after the pandemic leading to increases in workshop accreditation inspections, irtec licences and advertising income. Investment income totalled £63k (2020: £58k).

The results for the year to December 2021 show an operating loss of £161,127 compared to an operating loss of £350,271 in 2020. By absorbing its share of the loss from the CV show of £135,558 (2020: £366,599 profit) the overall position is a deficit of £296,685 (2020: surplus £16,328). The realised and unrealised profit on investments in 2021 of £355,783 (2020: £43,259) gives an overall net movement upwards for the year of £59,098 (2020: £59,587).

Investment powers and policy

The Society's investments are managed by Rathbones Investment Management Limited in accordance with the discretionary management agreement and the agreed investment policy. Rathbones reports quarterly and annually to the Trustee Board. The Trustees recognise there is risk associated with investment in mainstream financial markets and accept this risk in return for the prospect of additional returns over longer periods of time. As such, the Trustees wish to remain largely invested at all times, subject to cash reserves being held as part of the investment management process and to cover liabilities. The investments should be well diversified and include a range of assets including fixed interest stocks, UK shares and overseas shares.

The investment portfolio as at 31 December 2021 was valued at £3,091,643 (2020: £2,725,778) comprising 7% fixed interest funds, 38% UK equities, 40% overseas investments, and other investments 15%. As restrictions ease and the turbulence from the pandemic recedes, market confidence has increased. The total return from the portfolio was an increase of 13.6% over the year compared with an increase of 12.2% in the WM (Constrained by income) benchmark. The Trustees have reviewed the performance of the investments with the Investment Advisor and are happy to maintain the current investment strategy and will continue to closely monitor performance of the investments in the future.

Trading Company

The Society's wholly-owned trading subsidiary, IRTE Services Limited, made a net loss before gift aid and taxation of £68,356 (2020: £422,440 profit) from its activities. These activities include IRTE Workshop Accreditation and managing the Commercial Vehicle Show which is organised in partnership with the Society of Motor Manufacturers and Traders Limited (SMMT) and the Road Haulage Association (RHA). This loss from trading activities is a timing issue due to the postponement of the 2021 CV Show (normally held in April) to the end of August. As a result, the audited accounts of the CV Show LLP to their financial year ended 30 June recognised only the administrative costs incurred up to that point in time. The true profit of the 2021 Show will be finalised and recognised in 2022 and the Society's accounts will then include the profits for both the 2021 and 2022 Shows. More details can be found in notes 4&5 on pages 22 and 23.

Group reserves

The reserves policy, which is reviewed annually by the Board is formulated with regard to:

- Forecasts of future income, taking into account the reliability of existing sources and prospects for new sources;
- Forecasts of future expenditure based on planned activities;
- An analysis of any future needs, opportunities, contingencies or risks the effects of which are unlikely to be met out of income if and when they arise; and
- An assessment of the likelihood that any of these future events will arise and the potential consequences of not being able to meet them.

The Group's aim is to maintain sufficient free reserves to cover 18 months total expenditure, the target for 2020 being £3.63m (2020: £3.21m). At the year end the free reserves which consist unrestricted funds less tangible fixed assets, totalled £3.62m (2020: £3.38m). The Group did not meet this target for free reserves at the end of 2021.

The challenges facing the Society in the coming year(s) are to some extent a result of the extended economic inactivity due to COVID-19. The current economic crisis as evidenced by rising inflation and cost of living increases has reinforced the continual need for closer monitoring of the various income streams, reserves and cash-flow which may result in reserves being utilised in the short term to meet any shortfall in income. The

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2021

Trustees remain committed to maintaining the current policy but accept that any departure, while necessary, will be temporary until such time as funds are available to rebuild back to the 18 months target level.

Tangible and Intangible fixed assets

The freehold land and building were professionally revalued in January 2006 at approximately £2.1m. The value in use is therefore in excess of the carrying value of £1,601,730 in the financial statements. The movements in fixed assets during the year are set out in note 7 to the financial statements.

The Trustees are minded to take the long term view that even though investment values have been impacted by current events, the Society has historically been and still is able to operate without the need to dispose of its investments. The Society has no immediate plans to dispose of any of its assets.

Going Concern

Having taken into consideration the risks and challenges facing the Society and weighing them against its assets, reserves and future income streams, the Trustees are confident that the Society can and will continue to operate as a going concern.

LOOKING FORWARD

In 2022, the Society will continue to focus on its charitable objectives and the supporting goals of its business plan that include the delivery of:

- Greater engagement with existing and potential apprentice and student members
- Greater membership diversity
- Better support for existing and potential members
- Improved volunteer support and engagement
- Strengthening and developing the professional sectors
- Financial stability and good governance
- Revised and updated governance documents
- A successful Commercial Vehicle Show at the NEC in September 2022, on behalf of the Commercial Vehicle Show LLP

The Society remains focused on delivering the long-term strategic aims of its 2025 vision that include:

- Addressing the skills gap
- Encouraging diversity in engineering
- Engaging apprentice and student members
- Engaging with volunteers
- International growth
- Membership growth
- Promoting membership and registration

Statement of Trustees' responsibilities

The Trustees (who are also directors of the Society of Operations Engineers for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2021

- Observe the methods and principles in the Charities SORP;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The following statements have been affirmed by each of the Trustees of the charitable company:

- So far as each Trustee is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and

Each Trustee has taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITOR

Crowe U.K. LLP has indicated its willingness to be re-appointed as the statutory auditor.

Signed on behalf of the Trustees by:



J E Eastman
President



S M Stephenson
Honorary Treasurer

Date: 21 September 2022



Society of Operations Engineers

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOCIETY OF OPERATIONS ENGINEERS

Opinion

We have audited the financial statements of Society of Operations Engineers for the year ended 31 December 2021 which comprise Consolidated Statement of Financial Activities, Consolidated and Company Balance Sheets, Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as of 31 December 2021 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the



Society of Operations Engineers

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOCIETY OF OPERATIONS ENGINEERS

financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken during our audit

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' directors' report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 6, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.



Society of Operations Engineers

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOCIETY OF OPERATIONS ENGINEERS

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the group's and the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the group and the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were General Data protection Regulation (GDPR), taxation legislation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the



Society of Operations Engineers

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOCIETY OF OPERATIONS ENGINEERS

financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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. 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 and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Thomas
Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 28 September 2022

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.



THE SOCIETY OF OPERATIONS ENGINEERS

Society of Operations Engineers

Consolidated Statement of Financial Activities (incorporating an Income and Expenditure Account) for the year ended 31 December 2021

	Notes	Total Funds 2021 £	Total Funds 2020 £
Income and endowments from:			
Charitable activities	3	1,843,681	1,745,684
Other trading activities			
Commercial trading operations	4	354,760	350,402
Investments		62,578	58,337
Total income		2,261,019	2,154,423
Expenditure on:			
Charitable activities:	6	2,115,626	2,194,123
Other			
Commercial trading operations (including taxation)	4	287,559	294,561
Investment management fees		18,961	16,010
Total expenditure		2,422,146	2,504,694
Net gains/(losses) on revaluation and disposal of investments	9	355,783	43,259
Net income/(expenditure)		194,656	(307,012)
Other recognised gains/(losses):			
Net (loss)/income from joint ventures	5	(135,558)	366,599
Net movement in funds		59,098	59,587
Reconciliation of funds:			
Total funds brought forward		5,363,715	5,304,128
Total funds carried forward		5,422,813	5,363,715

The notes on pages 19 to 30 form part of these accounts.

The Statement of Financial Activities has been prepared in accordance with Financial Reporting Standard No 102. All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

All funds are unrestricted.



Society of Operations Engineers

THE SOCIETY OF OPERATIONS ENGINEERS**Consolidated and Society Balance Sheets**

	Notes	Group		Society	
		31.12.21 £	31.12.20 £	31.12.21 £	31.12.20 £
Fixed assets					
Tangible assets	7	1,623,174	1,717,841	1,623,174	1,717,841
Intangible assets	8	180,728	270,625	180,728	270,625
Investments	9	3,091,643	2,725,778	3,091,743	2,725,878
Investment in joint venture					
Share of net assets	5	100,000	100,000	0	0
		<u>4,995,545</u>	<u>4,814,244</u>	<u>4,895,645</u>	<u>4,714,344</u>
Current assets					
Debtors	10	129,145	543,837	266,674	597,489
Cash at bank and in hand	11	1,232,429	919,236	950,590	660,822
		<u>1,361,574</u>	<u>1,463,073</u>	<u>1,217,264</u>	<u>1,258,311</u>
Creditors: amounts falling due within one year	12	(934,306)	(913,602)	(911,803)	(899,004)
Net current assets		<u>427,268</u>	<u>549,471</u>	<u>305,461</u>	<u>359,307</u>
Net assets		<u>5,422,813</u>	<u>5,363,715</u>	<u>5,201,106</u>	<u>5,073,651</u>
Funds					
Unrestricted funds	15				
General		5,201,005	5,073,551	5,142,008	5,014,064
Subsidiary trading		221,808	290,164	-	-
Profit for the year				59,098	59,587
Total Funds		<u>5,422,813</u>	<u>5,363,715</u>	<u>5,201,106</u>	<u>5,073,651</u>

The notes on pages 19 to 30 form part of these accounts.

The financial statements on pages 16 to 30 were approved by the Trustees and authorised for issue on 21 October 2022 and signed on their behalf by:

J E Eastman
President

S M Stephenson
Honorary Treasurer

THE SOCIETY OF OPERATIONS ENGINEERS

Statement of Cash Flows for the year ended 31 December 2021

	Notes	Total Funds 2021 £	Total Funds 2020 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities		288,264	(138,714)
Cash flows from investing activities:			
Dividends, interest and rents from investments		62,578	58,337
Purchase of property, plant and equipment		(8,607)	(14,422)
Proceeds from sale of investments		286,960	619,231
Purchase of investments		(297,041)	(598,357)
Investment managers fees		(18,961)	(16,010)
Net cash provided by (used in) investing activities		24,929	48,779
Cash flows from financing activities:		0	0
Change in cash and cash equivalents in the reporting period		313,193	(89,935)
Cash and cash equivalents at the beginning of the reporting period		919,236	1,009,171
Cash and cash equivalents at the end of the reporting period		1,232,429	919,236
Reconciliation of net income/(expenditure) to net cash flow from operating activities			
<i>Net income/(expenditure) for the accounting period as per the statement of financial activities</i>		59,098	59,587
Adjustments for:			
Depreciation charges		193,170	203,652
(Gains)/Losses on investments		(355,783)	(43,259)
Dividends, interest and rents from investments		(62,578)	(58,337)
Investment managers fees		18,961	16,010
Decrease/(Increase) in debtors		414,692	(167,468)
Increase/(decrease) in creditors		20,704	(148,899)
Net cash provided by (used in) operating activities		288,264	(138,714)
Analysis of cash and cash equivalents			
Cash in hand		1,232,429	919,236
Total cash and cash equivalents		1,232,429	919,236



Society of Operations Engineers

THE SOCIETY OF OPERATIONS ENGINEERS

Notes to the financial statements for the year ended 31 December 2021

1. Accounting policies

i. Company Information and Objectives

The Society of Operations Engineers is a registered charity (reg. no. 1081753) and company (reg. no. 3667147) which is incorporated and domiciled in the United Kingdom. The address of the registered office is 22 Greencoat Place, London SW1P 1PR

To improve and elevate technical and general understanding, knowledge, skill and competence of persons engaged or desiring to be engaged in operations engineering or any related employment, and the integrity and repute of the profession thereof.

To promote and encourage the advancement of science, technology and practice, and inventions and improvements in the field of operations engineering and any other related branches of engineering, and the dissemination and exchange of ideas, information and knowledge thereof.

By means of the above, but without prejudice to the generality thereof, to promote the safety, efficiency and environmental sustainability of operations engineering to the benefit of the community at large.

ii. Basis of accounting

These financial statements have been prepared in accordance with the Charities SORP (FRS 102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006 and UK Generally Accepted Practice.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the Society, its subsidiary IRTE Services Limited and dormant subsidiaries (note 18) and include the results of the Society's regional groups and centres on a line by line basis.

The Society's annual share of the profits/losses from its joint venture are included in the Statement of Financial Activities and its share of the net assets are included in the balance sheet.

The Society meets the definition of a public benefit entity under FRS 102.

The charity has taken advantage of the exemptions in FRS 102 from the requirements to present a charity only Cash Flow Statement and certain disclosures about the charity's financial instruments.

Having assessed the charity's financial position, its plans for the foreseeable future and the risks to which it is exposed, the trustees are satisfied that it remains appropriate to prepare the financial statements on a going concern basis.

iii. Functional & presentation currency

The functional currency of the charity and its subsidiary is considered to be pounds sterling because this is the currency of the primary economic environment in which the charity operates. The consolidated financial statements are also presented in pounds sterling.

THE SOCIETY OF OPERATIONS ENGINEERS

Notes to the financial statements for the year ended 31 December 2021

1. Accounting policies (continued)

iv. Critical accounting judgements and key sources of estimation uncertainty (policy)

In the application of the charity's accounting policies, which are described in notes 1, the Trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

v. Incoming Resources

All incoming resources from membership, education, events and publications for the year are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

vi. Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to an expenditure group. Salaries are allocated in proportion to the Society's staff time spent on each expenditure group. Support costs are those costs incurred directly in support of the objects of the charity and also allocated to each expenditure group on the basis of staff time. Governance costs are those incurred in connection with the governance of the charity, including compliance with constitutional and statutory requirements. Irrecoverable VAT is written off as incurred.

vii. Depreciation

a. Land and buildings

Depreciation has been charged at 2% on half of the cost of land and buildings, this being the proportion relating to the building only.

b. Other fixed assets

The following annual rates of depreciation on cost have been applied:

Furniture and fittings	20%
Property improvements	10%
Office equipment	20%
Computers	33%

c. Intangible assets

Digital infrastructure	20%
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Assets over the value of £1,000 are capitalised.

THE SOCIETY OF OPERATIONS ENGINEERS

Notes to the financial statements for the year ended 31 December 2021

1. Accounting policies (continued)

viii. Pension scheme

The Society operates a Group Personal Pension Plan (Group PPP) which is a money purchase scheme. Pension costs are charged to the SOFA, representing a constant percentage of earnings payable by the Society to employee's plans. The Society has also made provision for employees not covered by the Group PPP to take out stakeholder pensions, in order to comply with current legislation.

ix. Furlough Income

Government grants are recognised on the performance model, when the charity has complied with any conditions attaching to the grant and the grant will be received. The grant in connection to the job retention scheme has been recognised in the period to which the underlying furloughed staff costs relate to. Included in income is an amount of £50,659 in respect of the Coronavirus Job Retention Scheme.

x. Publications

As in previous years the postage costs relating to the distribution of the SOE News are included under this heading.

xi. Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. All differences are taken to the SOFA.

xii. Income and expenditure

As permitted by Section 408 of the Companies Act 2006, the income and expenditure of the parent undertaking is not presented as part of these accounts.

xiii. Financial Instruments

If the charity has any basic financial instruments, they are initially recognised at transaction value and subsequently measured at amortised costs using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise trade and other creditors.

Investments, including bonds held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiary undertakings are held at cost less impairment.

xiv. Gift Aid

Donations to the parent charity are recognised as an expense either when paid or at the date when the company has a legal liability to make the donation payment, if earlier.

2. Taxation

As a registered Charity, the Society is not liable to Corporation Tax on its income.



Society of Operations Engineers

THE SOCIETY OF OPERATIONS ENGINEERS

Notes to the financial statements for the year ended 31 December 2021

3. Income from charitable activities

	Society	
	Year to 31.12.21	Year to 31.12.20
Activities in furtherance of the charity's objects	£	£
Membership	1,303,523	1,318,462
Education and Events	212,026	81,829
Publications	170,959	139,100
Income from regional groups and centres	7,726	12,576
Room rental and sundry income	149,447	193,717
	1,843,681	1,745,684

4. Commercial trading operations

The Society has a subsidiary that has been trading since 11 October 1993 and pays all its profits to The Society of Operations Engineers by gift aid. The principal activity of the Company is to raise funds in order to promote the aims of the Society.

The Society holding in the issued ordinary share capital of £100 is as follows:

Name	Country of Registration	Registration Number	Proportion held	
			31.12.21	31.12.20
IRTE Services Limited	England and Wales	2854868	100%	100%

A summary of IRTE Services Limited's results are shown below and audited accounts will be filed with the Registrar of Companies at Companies House.

Profit and Loss Account for the year ended 31 December 2021	Year to 31.12.21	Year to 31.12.20
	£	£
Turnover	354,725	349,846
Expenditure		
Cost of sales	(281,042)	(288,260)
Administrative expenses	(6,517)	(6,301)
	(287,559)	(294,561)
Operating Profit/(Loss)	67,166	55,285
Interest receivable	36	556
Profit/(Loss) on ordinary activities	67,202	55,841
Net (Loss)/Income from Joint Venture	(135,558)	366,599
(Loss)/Profit before gift aid and taxation	(68,356)	422,440
Amount gifted to the society	0	(422,804)
(Loss)/Profit before taxation	(68,356)	(364)
Taxation	0	0
Retained profit for the year	(68,356)	(364)

The company incurred corporation tax in the year of £Nil (2020: £Nil). No further provision for corporation tax has been made on the company's profit for the year due to its policy of donating all its tax adjusted profits available for distribution under gift aid to its ultimate parent undertaking within nine months of each year-end date and because the company early implemented FRS 102 para 29.14A.

THE SOCIETY OF OPERATIONS ENGINEERS

Notes to the financial statements for the year ended 31 December 2021

4. Commercial trading operations (continued)

	As at 31.12.21	As at 31.12.20
IRTE Services Limited		
The aggregate of the assets, liabilities and funds was:	£	£
Assets	401,532	744,568
Liabilities	(179,724)	(454,404)
Funds	<u>221,808</u>	<u>290,164</u>

The costs of the Commercial Vehicle Show LLP management team totalling £259,599 (2020: £259,028) are recharged to IRTE Services Limited by the SOE. One of the tenants occupying office space in the SOE building is a firm of solicitors which includes amongst its partners, a director of IRTE Services Limited. The contractual arrangements are at arms length and the tenant pays rent at a commercial rate. IRTE Services Limited paid £422,804 as Gift Aid to the SOE in respect of the 2020 profit. The directors of IRTE Services Limited have agreed not to declare a Gift Aid donation for 2021.

	At 31.12.21	At 31.12.20
Amount owing by/(to) parent company (included in liabilities)	<u>(802)</u>	<u>(423,197)</u>

5. Joint Venture

IRTE Services Limited has a 33.33% interest in the Commercial Vehicle Show Limited Liability Partnership.

	Year to 30 June 2021	
Summary financial information of the CV Show LLP	Partnership total £	SOE share £
Profit and Loss Account		
Turnover	0	0
	Year to 30 June 2021	
Operating (Loss)/Profit	(406,675)	(135,558)
Interest receivable	0	0
Partners' Asset	300,000	100,000
Balance Sheet		
	As at 30 June 2020	
Current Assets	2,405,551	801,850
Current Liabilities	(2,105,551)	(701,850)
Net Assets	<u>300,000</u>	<u>100,000</u>
Represented by:		
Partners' Capital Accounts	300,000	100,000
Partners' Current Accounts	0	0
	<u>300,000</u>	<u>100,000</u>

The Partnership prepares accounts to 30 June and the above extract is therefore from the most recently available accounts.

THE SOCIETY OF OPERATIONS ENGINEERS

Notes to the financial statements for the year ended 31 December 2021

6a. Analysis of charitable expenditure

	Staff Costs £	Support Costs £	Other Direct Costs £	Total £
Year to 31 December 2021				
Services to engineers	430,807	239,441	28,055	698,302
Regional groups and centres	33,852	18,815	87,316	139,983
Publications	58,196	32,345	350,778	441,319
Education	126,491	70,303	14,588	211,382
Marketing, committees and exhibitions	202,638	112,627	113,327	428,592
Governance	105,022	58,371	32,656	196,049
	957,006	531,902	626,720	2,115,627
Year to 31 December 2020 (Prior Year)				
Services to engineers	475,080	235,334	50,616	761,030
Regional groups and centres	49,074	24,309	102,492	175,875
Publications	60,349	29,894	414,855	505,098
Education	134,743	66,746	6,561	208,050
Marketing, committees and exhibitions	207,857	102,963	43,850	354,670
Governance	103,987	51,510	33,903	189,400
	1,031,090	510,756	652,277	2,194,123

6b. Analysis of support costs

	Premises	Communications and IT	Postage & Printing	Financial Costs	Depreciation	Total
Engineers	47,949	73,125	2,163	29,246	86,958	239,441
Regions	3,768	5,746	170	2,298	6,833	18,815
Publications	6,477	9,878	292	3,951	11,747	32,345
Education	14,078	21,471	635	8,587	25,532	70,303
Marketing/Publicity	22,554	34,396	1,018	13,757	40,902	112,627
Governance	11,689	17,826	527	7,130	21,199	58,371
Total Support	106,515	162,442	4,805	64,969	193,170	531,902
Total Support costs 2020	95,615	131,189	19,270	61,030	203,652	510,756

6c. Governance costs are made up of the following:

Governance costs include audit fees of £18,600 (2020: £17,800), non audit fees of £3,350 (2020: £3,585). All 16 Trustees (including the 7 Directors of IRTE Services Ltd) claim out of pocket expenses in relation to travel and subsistence costs for attendance at meetings and representation events amounting to £7,431 (2020: £10,344); Trustees' and Officers' liability insurance £2,962 (2020: £2,738); remainder is expenditure on legal and other administrative costs and an apportionment of staff time.

THE SOCIETY OF OPERATIONS ENGINEERS

Notes to the financial statements for the year ended 31 December 2021

7. Tangible fixed assets	Land and buildings freehold	Computer and other assets	Total
Group and Society			
Cost	£	£	£
Cost at 31 December 2020	2,257,845	132,617	2,390,462
Additions	0	8,607	8,607
Cost at 31 December 2021	<u>2,257,845</u>	<u>141,224</u>	<u>2,399,069</u>
Depreciation			
Balance at 31 December 2020	567,406	105,215	672,621
Charge for the year	88,709	14,565	103,274
Balance at 31 December 2021	<u>656,115</u>	<u>119,780</u>	<u>775,895</u>
Net book value at 31 December 2021	<u>1,601,730</u>	<u>21,444</u>	<u>1,623,174</u>
Net book value at 31 December 2020	<u>1,690,439</u>	<u>27,402</u>	<u>1,717,841</u>

8. Intangible fixed assets	Digital Infrastructure
Group and Society	
Cost	£
Cost at 31 December 2020	449,485
Additions	0
Fully depreciated and written off	0
Cost at 31 December 2021	<u>449,485</u>
Depreciation	
Balance at 31 December 2020	178,860
Charge for the year	89,897
Asset Write downs from previous years	0
Balance at 31 December 2021	<u>268,757</u>
Net book value at 31 December 2021	<u>180,728</u>
Net book value at 31 December 2020	<u>270,625</u>

THE SOCIETY OF OPERATIONS ENGINEERS

Notes to the financial statements for the year ended 31 December 2021

9. Investments	31.12.21	31.12.21	31.12.20	31.12.20
Group	Cost	Market Value	Cost	Market Value
Listed stocks and shares	£	£	£	£
UK Gilts and other fixed interest	194,897	209,389	194,322	220,069
UK Equities	736,424	1,190,148	771,026	1,114,897
Alternatives & Hedge Funds	434,807	466,114	263,717	271,695
Overseas investments	769,149	1,225,992	782,919	1,119,117
Investments total	2,135,277	3,091,643	2,011,984	2,725,778
Movements during the year			Year to	Year to
Group			31.12.21	31.12.20
			£	£
Market value as at start of year			2,725,778	2,703,393
Purchases during the year			297,041	598,357
Sales at market value prior to disposal			(268,901)	(652,029)
Unrealised (loss)/gain on revaluation			337,369	75,999
Non market transactions			356	58
Market value as at end of year			3,091,643	2,725,778
Realised gain on disposal of investments			18,058	(32,798)
Unrealised (loss)/gain on revaluation			337,369	75,999
Gain/(losses) on non market transactions			356	58
Net gains/(losses) on revaluation and disposal of investments			355,783	43,259

Investments over 5%

The following investments have a market valuation of over 5% of the total investment valuation:

JP Morgan Asset Mgrs (UK) US Equity Income Hedged £148,596 (5.9%)

Society

The Society's investments include a further £100 investment in IRTE Services Limited (see note 4).

10. Debtors	Group		Society	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Trade debtors (less bad debts)	177,427	74,359	157,735	56,102
Owed by subsidiary undertaking	0	0	802	423,197
VAT	0	0	18,325	16,610
Other debtors	(138,094)	368,881	0	983
Prepayments and accrued income	89,812	100,597	89,812	100,597
	129,145	543,837	266,674	597,489

THE SOCIETY OF OPERATIONS ENGINEERS

Notes to the financial statements for the year ended 31 December 2021

11. Cash and bank balances

	Group		Society	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Deposit and current accounts	1,232,329	919,036	950,490	660,622
Cash in hand	100	200	100	200
	<u>1,232,429</u>	<u>919,236</u>	<u>950,590</u>	<u>660,822</u>

12. Creditors: amounts falling due within one year

	Group		Society	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Subscriptions in advance	548,977	521,467	548,977	521,467
Trade and other creditors	228,704	229,318	211,364	229,073
Social security and other taxes	30,368	31,100	30,368	31,100
VAT	(537)	723	0	0
Accruals and deferred income	126,794	130,994	121,094	117,364
	<u>934,306</u>	<u>913,602</u>	<u>911,803</u>	<u>899,004</u>

Creditor accruals totalled £ Nil (2020: £Nil). The deferred income includes office rental income from tenants.

13. Capital Commitments and Operating Leases

During 2020, the Group entered into a three year operating lease agreement to hire two office photocopiers. The quarterly payment includes the rental and maintenance of these equipment. The outstanding contractual rental payments at year end totalled £5,252 (2020: £6,848)

14. Lessor Accounting

The Group has a number of lease and licence to occupy agreements with tenants occupying office space on the ground and second floors of 22 Greencoat Place. These agreements are open ended with notice periods of either three (for licences to occupy) or six (for leases) months required for either party to terminate the agreement.

The annual income from these agreements, should no termination take place is £124,067

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Notes to the financial statements for the year ended 31 December 2021

15. Reserves

	General Reserves £	Regional Reserves £	Total Reserves £
Year to 31 December 2021			
Group			
Balance at 31 December 2020	5,278,650	85,065	5,363,715
Surplus/(Deficit) for the year	67,999	(8,901)	59,098
Balance at 31 December 2021	<u>5,346,649</u>	<u>76,164</u>	<u>5,422,813</u>
<i>Represented by</i>			
Fixed assets	4,995,545	0	4,995,545
Cash at bank and in hand	1,156,265	76,164	1,232,429
Other net current assets	(805,161)	0	(805,161)
	<u>5,346,649</u>	<u>76,164</u>	<u>5,422,813</u>
Society			
Balance at 31 December 2020	4,988,586	85,065	5,073,651
Surplus/(Deficit) for the year	136,356	(8,901)	127,455
Balance at 31 December 2021	<u>5,124,942</u>	<u>76,164</u>	<u>5,201,106</u>
<i>Represented by</i>			
Fixed assets	4,895,645	0	4,895,645
Cash at bank and in hand	874,426	76,164	950,590
Other net current assets	(645,129)	0	(645,129)
	<u>5,124,942</u>	<u>76,164</u>	<u>5,201,106</u>
Year to 31 December 2020			
Group			
Balance at 31 December 2019	5,211,092	93,036	5,304,128
Surplus/(Deficit) for the year	67,558	(7,971)	59,587
Balance at 31 December 2020	<u>5,278,650</u>	<u>85,065</u>	<u>5,363,715</u>
<i>Represented by</i>			
Fixed assets	4,814,244	0	4,814,244
Cash at bank and in hand	834,171	85,065	919,236
Other net current assets	(369,765)	0	(369,765)
	<u>5,278,650</u>	<u>85,065</u>	<u>5,363,715</u>
Society			
Balance at 31 December 2019	4,920,664	93,036	5,013,700
Surplus/(Deficit) for the year	67,922	(7,971)	59,951
Balance at 31 December 2020	<u>4,988,586</u>	<u>85,065</u>	<u>5,073,651</u>
<i>Represented by</i>			
Fixed assets	4,714,344	0	4,714,344
Cash at bank and in hand	575,757	85,065	660,822
Other net current assets	(301,515)	0	(301,515)
	<u>4,988,586</u>	<u>85,065</u>	<u>5,073,651</u>

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Notes to the financial statements for the year ended 31 December 2021

16. Staff

	Year to 31.12.21 £	Year to 31.12.20 £
The total staff emoluments including taxable benefits for the year:		
Gross salaries permanent and temporary staff	804,285	869,175
Employer's NI	87,030	93,985
Employer's pension	56,045	59,194
Life assurance cover	3,930	4,692
	<u>951,290</u>	<u>1,027,046</u>

Redundancy and termination payments totalling £1,614 (2020: £11,813) were paid during the year.

	2021	2020
Key Management (defined as the senior management team):		
Total emoluments including taxable benefits for the year	552,687	602,964

During the year, payments totalling £1,800 (2020: £Nil) were paid to a Trustee as fees in connection with workshop inspections on behalf IRTE Services Ltd. No other payments were made except for out of pocket expenses (see note 6c).

	2021	2020
Average number of employees analysed by function was:		
Charitable expenditure	18	19
Management, administration and support	2	2
CV Show management team	4	4
	<u>24</u>	<u>25</u>

Number of staff whose emoluments (excluding pensions) including taxable benefits from the Society exceeded £60,000:	2021	2020
£70,001 - £80,000	1	1
£80,001 - £90,000		
£90,001 - £100,000		
£100,000 - £110,000		
£110,000 - £120,000	1	1

The Society's pension contribution for any member of staff whose emoluments exceed £60,000 is paid at the same rate as applicable to all staff eligible to join the group personal pension scheme.

17. Society Pension Arrangements

The Society's contributions made on behalf of eligible employees in the year amounted to £71,383 (2020: £75,866). (Also see note 1(vii) of the accounts.)

THE SOCIETY OF OPERATIONS ENGINEERS

Notes to the financial statements for the year ended 31 December 2021

18. The Council of Management

The Trustee Board consists of 16 members including the chairs of the 5 Professional Sector Councils. No remuneration or other benefit in money or money's worth was given by the Society to any other member of the Board except out of pocket expenses (see note 6c).

19. Volunteers

The Trustees are grateful for the invaluable time and support given by the 200 volunteers who who sit on the Trustee Board, IRTE Services Board, five Professional Sector Councils, the Membership & Professional Standards Committee and Regional Committees.

20. Liability of Members

The Society is a company limited by guarantee and Clause 8 of its Memorandum of Association states that the maximum contribution for which a member can be liable in the event of the Society's liquidation is £10.

21. Dormant Companies

The following companies are subsidiaries of SOE but did not trade during the year:

Name:	Country of Registration:	Registration Number	Reserves 31.12.20 £	Reserves 31.12.20 £
Institution of Plant Engineers	England & Wales	419646	1,000	1,000
Institute of Road Transport Engineers	England & Wales	395541	1,000	1,000

Both of these companies are limited by guarantee.

22. Financial Instruments

At the balance sheet date, the consolidated group held financial assets at amortised cost comprising investment in joint venture, trade debtors, other debtors and cash and cash deposits of £1,509,856 (2020: £1,456,842) and financial liabilities at amortised cost comprising trade and other creditors and accruals of £385,279 (2020: £392,135).

Total interest income received in respect of financial assets held at amortised cost totalled £63 (2020: £477). The charity held financial assets at fair value through income or expenditure company investments of £3,091,643 (2020: £2,725,778). Movements in the year through the Statement of Financial Activities comprise dividend income of £62,515 (2020: £57,861) and net gains of £355,783 (2020: £43,259)