



Society of Operations Engineers

A large, semi-transparent blue globe is centered on the page. It is surrounded by horizontal stripes in dark blue, yellow, orange, and light blue. The globe has a subtle map of the world visible through it.

**REPORT AND  
ACCOUNTS FOR  
THE YEAR ENDED  
31 DECEMBER 2018**



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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

## Patron

B Bell CBE HonFSOE HonFIRTE

## TRUSTEE BOARD

<b>President</b>	HM Seymour CEng CEnv FSOE FIPlantE FIRTE
<b>BES PSC Chair</b>	VD Sharpe CEng FSOE FBES
<b>IPlantE PSC Chair</b>	AJ Fitzpatrick CEng CEnv FSOE FBES FIPlantE (appointed July 2018)
<b>IPlantE PSC Chair</b>	WIT Ling IEng HonFSOE HonFIPlantE (resigned July 2018)
<b>IRTE PSC Chair</b>	JE Eastman EngTech CEnv FSOE FIRTE
<b>President Elect &amp; Honorary Treasurer</b>	MP Sweetmore EngTech MSOE MIRTE
<b>Membership &amp; Professional Standards Chair</b>	A Reid IEng CEnv FSOE FBES
<b>IRTE Services Limited Chair</b>	C Grime EngTech CEnv FSOE FIRTE
<b>Trustee</b>	AI Jackson CEng FSOE FIPlantE
<b>Trustee</b>	GM Gilby IEng CEnv FSOE FIPlantE
<b>Trustee</b>	A Fraser-Hitchen CEng FSOE FIRTE
<b>Trustee</b>	GA King EngTech FSOE FIRTE (resigned July 2018)
<b>Trustee Co-opted</b>	SA Catte IEng CEnv HonFSOE HonIPlantE (appointed July 2018)
<b>Trustee Co-opted</b>	A Foster CEng FSOE FIRTE (appointed July 2018)
<b>Trustee Co-opted</b>	I Jones MSOE MIRTE
<b>Trustee Co-opted</b>	LJ Mason Eng Tech FSOE FIRTE (appointed July 2018)
<b>Trustee Co-opted</b>	JS Parry FSOE FIRTE
<b>Trustee Co-opted</b>	I Smith IEng FSOE FIRTE

## MANAGEMENT TEAM

<b>Chief Executive Officer &amp; Company Secretary</b>	Bruce McGill
<b>CV Show Director</b>	Robert Skelton FCCA
<b>Chief Operating Officer</b>	Daniel Moir BA(Hons)
<b>PA to CEO and Office Manager</b>	Emma Thompson MSOE MBES
<b>Business Development Manager</b>	Francis Mercer
<b>Head of Finance</b>	Pamela Mansley FCCA
<b>Marketing &amp; Communications Manager</b>	Michael Hurst
<b>Membership Manager</b>	Oliver Teasell MSOE MBES
<b>Professional Standards Manager</b>	Robin Bates MSOE MBES
<b>CRMS Manager</b>	Cheryl Carroll

## PROFESSIONAL ADVISORS

<b>Statutory Auditor</b>	Crowe UK LLP St Bride's House, 10 Salisbury Square, London EC4Y 8EH
<b>Bankers</b>	HSBC Bank plc 333 Vauxhall Bridge Road London SW1V 1EJ
<b>Investment Managers</b>	Rathbone Investment Management Ltd Port of Liverpool Building, Pier Head, Liverpool L3 1NW
<b>Solicitors</b>	Burlingtons LLP 38 Hertford Street, Mayfair, London W1J 7SG

**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 2018. 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 3.

## 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 environmentally 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.

## 2018 BUSINESS PLAN

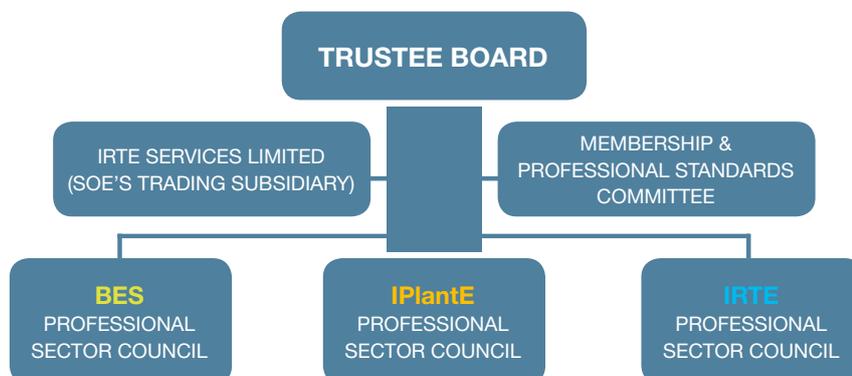
In 2018 the Society continued to demonstrate progress against key business plan objectives for the year. Notable achievements included:

- Completion of the discovery and design stages of the digital transformation project and initiation of the build stage;
- Launching a new monthly industry magazine, Operations Engineer, which provides expert comment and insights across a range of topical issues;
- Supporting the delivery of irtec certification to 2639 individuals, raising standards of technician competence across the industry;
- Running a successful Skills Challenge event for technicians working in the coach and bus industry.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Structure

The Society is governed by a Trustee Board, comprising fifteen members, who are responsible for the overall governance of the Society. The Board is supported by three Councils each representing a Professional Sector of the Society, IRTE Services Limited and the Membership & Professional Standards Committee.



The three Professional Sector Councils have responsibility for engineering discipline-specific membership matters within budgets and operational plans approved by the Trustee Board. The primary roles of the IRTE Services Board are management of the CV 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 SOE or to register with the Engineering Council or the Society for the Environment.

The Society's finances are reviewed by the Trustees who receive comprehensive management information every month. The Trustees also monitor performance against the SOE Vision and Strategic Plan. The Trustee Board is directly responsible for monitoring, on a regular basis, the adequacy of the Society's reserves and the Society's 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 SOE. 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 three 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 invite key members with appropriate skills and knowledge to join and participate in their activities.

Upon taking up their post, newly elected and continuing Trustees received training covering corporate governance, charity law and SOE's policies and procedures. The Trustees and members of the three Professional Sector Councils are subject to the Society's Code of Conduct. During 2018 all Trustees were provided with Charity Commission guidance on public benefit requirements and they ensure that they carry out their duties with regard to this guidance. 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.

### Staff

Nick Jones acted as interim Chief Executive until September 2018, at which point Bruce McGill was appointed to the role on a permanent basis. The Trustee Board recognises the efforts of Nick after re-joining the organisation during its search for a permanent Chief Executive following the sad passing of Ian Chisholm in late 2017.

Key management personnel are those senior managers identified on page 3. Their pay and benefits are reviewed annually in line with similar positions in the charity sector.

## 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 200 volunteers who are members of the Trustee Board, IRTE Services Board, three Professional Sector Councils, the Membership & Professional Standards Committee and Regional Committees. 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 IRTE Services Limited Board, each Professional Sector Council and the Membership and Professional Standards Committee are responsible for regularly reviewing their risk management 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 and approval levels.

The principal risks as 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 Engineering Council and Society for the Environment regulations.
- Loss of income from the Commercial Vehicle Show - the Commercial Vehicle Show has been profitable for the last four years. Income from the Show is a significant part of the Society's overall income that enables the Society to support activities and events for public benefit.
- Damage to reputation - the Board is aware of the need to communicate its strategy to both staff and volunteers within the regions and to regularly monitor the activities of the regions to ensure these activities meet the objectives of the Society. The regions are informed of Head Office activities and members of the Trustee Board, Professional Sector Councils and the staff team attend regional meetings as required.
- 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

In July 2016 Beverley Bell CBE, was appointed as SOE Patron, and has continued to perform that role with distinction throughout the subsequent years.

The Society is reviewing its governance against the Charity Governance Code and updating its Memorandum and Articles of Association.

The Trustee Board agreed to form an Audit Committee to ensure detailed oversight and scrutiny of key areas of operation for the Society. The committee met for the first time in May 2018. Terms of reference for the committee include:

- Review annual accounts for SOE 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

## 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;
- 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.

## REVIEW OF ACTIVITIES

During 2018 the Society continued to work towards its Vision by developing stronger relationships with other institutions, engineering bodies and trade associations enabling it to deliver its aims for the benefit of the public more widely through better attended and higher profile joint events. The Society has also worked with companies to enhance their apprenticeship programmes by acting as the secretariat for the HGV and Bus & Coach Trailblazer group, providing apprentices with technical information through its publications and website and assisting them to register with the Engineering Council and the Society for the Environment.

There have been a number of successes to report including the recruitment of nearly 1,000 new members, the continuing success of the CV Show, the number of Engineering Technicians registered with the Engineering Council, the Society's continuing support of apprenticeship schemes, regional technical events, 2,639 new irtec registrants and the successful IRTE Skills Challenge.

Although the Society is a membership body almost all of its activities are open to the public, and are relevant to all Engineers within the Transport, Plant and Engineer Surveying sectors. By making most of its events and published content available to all, the Society aims to improve standards of training and competence within these engineering fields.

Senior members of staff and members of the Trustee Board, the IRTE Services Board and the three Professional Sector Councils attended a number of meetings with SOE's business partners in order to raise the profile of the SOE as well as the IRTE, IPlantE and BES professional sectors. Meetings have been held with Department for Transport (DfT), Institute of Motor Industry (IMI), Freight Transport Association (FTA), 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 and bus & coach organisations.

### Services to Engineers

By constantly reviewing the levels and 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. The Society has also helped new engineers develop in their chosen field and by assessment and accreditation of training courses, have been able to ensure that those standards are maintained.

It has been recognised that the Society's website is in need of a rebuild in order to meet the demands of prospective members and enable the Society to accurately present itself as the natural home for Operations

Engineers. During 2018 a digital transformation project began to upgrade both the website and membership database to allow the Society greater interaction with its members and meet the needs of the wider engineering community. The website was launched in early 2019. We continue to see a rise in online traffic and the new site will better enable the organisation to bring these visitors into membership. Transport Engineer and Operations Engineer currently have their own dedicated websites that include all news and features from the journals, which continues to attract a lot of interest from members and the general public alike.

The monthly Society e-newsletter is circulated to some 16,500 members and 2,500 non-members. Regular coverage in trade and regional publications 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 2018, the Society registered 325 (2017: 362) new Chartered Engineers, Incorporated Engineers and Engineering Technicians with the Engineering Council. We remain in 2nd place in the EngTech Table.

A number of organisations, including British Engineering Services Ltd and Allianz, have supported EngTech registration and are now ensuring that all employees are professionally registered at the point of applying for membership. They are also concentrating on getting current non-registered members through a professional registration process with the Society.

The Society was awarded licensed body status by the Society for the Environment in 2011 enabling the SOE to award the title of Chartered Environmentalist (CEnv) to suitably qualified individuals, this licence was renewed in 2018.

In 2018 recruitment campaigns were targeted at the Bus and Coach industries as well as the military and insurance companies. Recruitment from the military was particularly successful as those preparing for life outside the Armed Forces recognise that professional body membership and Engineering Council registration reflect the knowledge they have gained and the work they have completed whilst serving. Another successful recruitment tool has been through online promotions, which has seen steady growth as a pathway to membership.

Lapsed members will be specifically targeted in a reinstatement campaign during 2019 and retention strategies will be developed to minimise the loss of members and improve long term retention.

The Society has 61 Corporate Partners (2017: 60) and 12 Corporate Affiliates (2017: 15).

SOE had a stand at Advanced Engineering in October and at UK Bus & Coach Show in November 2018 both events were held at the NEC. We were particularly successful in acting as the CPD partner for Maintec, through which we received some excellent coverage in numerous trade magazines.

The SOE continues to support apprenticeship schemes including MAN, DAF Trucks and Stagecoach. Senior staff attended the Stagecoach Apprentice Awards, the MAN Apprentice Graduation and Awards and the DAF Trucks Apprentice Graduation ceremony during the year.

The IRTE Skills Challenge is for technicians working in the Bus and Coach industry. The practical tests took place at the S&B Automotive Academy in Bristol during June and the successful awards event, attended by more than 150 guests, took place at Rockingham Motor Speedway in Northamptonshire on Thursday 12 July. Howard Seymour, SOE President and Will Darylmp, Transport Engineer editor presented the awards. The 2018 IRTE Skills Challenge event was sponsored by Allison Transmission, Bridgestone, Groeneveld, Knorr-Bremse, Shell Lubricants, BAE, Alexander Dennis and Teng Tools. Trade support was also provided by MAN, DVSA, and Abellio. The organisations competing included Abellio, Arriva, FirstGroup, Go-Ahead London, Go South Coast, Salisbury Red Bus Co, London United Busways, Metroline, Tower Transit, Translink and Trentbarton.

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 SOE's academic requirements for Continuing Professional Development (CPD).

### **Regional Groups and Centres**

During 2018, a number of quality educational lectures and CPD events were held by the Centres and Branches across the UK and around the world, which were well attended by both members and non-members. Several of the IRTE Centres also held successful joint events with other professional bodies, which attracted more attendees. The Hong Kong Regional Group held its fifteenth anniversary annual dinner in August 2018.

SOE has worked with local partners to establish more centres in South East Asia, including Sri Lanka and Singapore. The initiative has attracted a large number of high-profile individuals support and provided an opportunity to raise the profile of the SOE and engineering in the area.

### **Publications**

The Society has two publications, Transport Engineer and Operations Engineer. Operations Engineer is the rebranded and relaunched version of Plant Engineer and has increased to 12 editions a year. They are designed to help all engineers within their areas of expertise 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 the publications. All members also receive a copy of SOE News, the bi-monthly newsletter of the Society. Corporate Partners receive copies of these publications to distribute amongst their staff and other key organisations also receive copies on a regular basis.

### **Education**

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

A number of events have been held during the year providing opportunities for the SOE to promote engineering to a wide range of organisations and individuals. It has been recognised that there is considerable synergy between SOE and other membership organisations and associations. As a result, SOE is participating in joint initiatives, seminars and forums with RHA and FTA.

The IRTE Conference took place at Leicester Marriott Hotel, Leicestershire on 27 September 2018. There were more than 200 delegates and the keynote speakers were Peter Harris, Director of sustainability at UPS, Dr Andy Nobel, Head of Commercial Vehicles for EMEA, and Richard Harrington, London Engineering Director for Go-Ahead. Topics ranged from changes to compliance and safety standards, legislation and telematics. Delegates at the conference also had a choice to attend various seminars in the afternoon of the event.

The SOE 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 SOE'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 in 2018 were sign posted through the DVSA's Guide to Roadworthiness and the Fleet Operators Recognition Scheme (FORS).

The IRTE sector, Technical and Government Liaison Committee's activities during 2018 included the IRTE Skills Challenge, the IRTE Workshop Accreditation Scheme, SOE MHE Workshop Accreditation Scheme, the irtec Licensing Scheme.

The IRTE sector continues to enjoy a beneficial relationship with DVSA, with members of the sectors Technical and Government Liaison Committee attending Technical Issues Working Group.

Several SOE awards were presented during the year, including Volunteer and Region of the Year, BES Engineer Surveyor award, Best REME Soldier, Sir Moir Lockhead Award and the overall winners of the IRTE Skills Challenge. Daniel Moir, SOE Chief Operating Officer presented the Scottish irtec Engineer of the Year award and the Young Engineer of the Year Award at the Transport News Scottish Rewards Breakfast held in Glasgow on 9 November 2018. SOE is fully committed to supporting engineers and apprentices in all fields covered by the three Professional Sectors.

The IRTE sector continues to work with the IMI in developing irtec, the certification scheme, 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. Licensing levels include Service Maintenance, Inspection and Advanced. Licences are available in the following vehicle classes - Large Commercial Vehicles, Bus and Coach and Heavy Vehicle Trailer.

2,639 irtec technicians were registered during 2018.

## Fundraising

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

## Trading Company Activities

The CV Show was held at the NEC in April 2018 and proved to be a successful event with much positive feedback. The IRTE Professional Sector had a stand which received a lot of visitors from members and the general public. The CV Show is managed by IRTE Services Ltd and Robert Skelton is the Show Director.

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 delivered by trusted partners, including the FTA, S&B Automotive and RHA. The IRTE Services Limited Board has overall responsibility for the governance and development of the Scheme. Over 350 workshops have been audited since the scheme started, more audits are being arranged and discussions are taking place with the main vehicle manufacturers.

## FINANCIAL REVIEW

### Results

The Statement of Financial Activities (SOFA) for the year is set out on page 14 of the financial statements. The deficit for the year (including gains on investment) is £426,348 compared with a surplus last year of £386,963. Charitable income of £2,013,117 in 2018 is £31k lower than in 2017 mainly due to a decrease in events (IRTE conference) and advertising income. Profit from trading activities is £298k (2017: £393k) and investment income totals £69k (2017: £64k).

The results for the year to December 2018 show an operating loss of £342,938 compared to an operating loss of £179,763 in 2017. With the decreased income from the CV show of £336,717 (2017: £389,462) the overall position is a loss of £6,221 (2017: profit £209,699). The realised and unrealised loss on investments in 2018 of £420,127 (2017: profit £177,264) gives an overall net movement downwards for the year of £426,348 (2017 upwards: £386,963).

### 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 2018 was valued at £2,396,570 (2017: £2,734,568) comprising 11% fixed interest funds, 39% UK equities, 41% overseas investments, and other investments 9%. The valuation at 31 December reflects the poor market conditions at year end. Since then, market confidence has returned and the investment valuation has risen. The total return from the portfolio was an increase of 1.5% over the year compared with an increase of 1.2% 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 profit before gift aid and taxation of £298,272 (2017: £392,983) 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). The decrease in profitability arose from the reduction in profit and management charge from the Commercial Vehicle Show held in April 2018 and the additional costs incurred in exhibiting at the Show. More details can be found in notes 4&5 on pages 21 and 22.

## Group reserves

The reserves policy, which in 2018, was reviewed 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, this being £3.96m in 2018. At the year end the free reserves which consist unrestricted funds less tangible fixed assets, totalled £2.9m (2017: £3.6m). The Trustees are aware that due to the challenges experienced by IRTE Services with the Commercial Vehicle show and adverse market conditions impacting investment income, the Group is not able to meet this target for free reserves. Nevertheless, following a review by the Audit committee, the Trustees remain committed to maintaining this policy insofar as it reflects the Group's long-term strategy for growth and development.

## Tangible 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 £1,872,208 in the financial statements. The movements in fixed assets during the year are set out in note 7 to the financial statements.

The Society had capital commitments at 31 December 2018 in respect of the new digital transformation project of £115k (2017: £417k).

## LOOKING FORWARD

In 2019 the Society will continue to focus on its charitable objectives and the supporting goals of its 2019 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 engagement
- Strengthening the Society as a brand
- Financial stability and good governance
- Successful completion of the digital transformation project and the launch of SOE's new website and membership database
- A successful Commercial Vehicle Show at the NEC in April 2019, on behalf of the Commercial Vehicle Show LLP

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

- Addressing the skills gap
- Encouraging women into engineering
- Engaging apprentice and student members
- Engaging with volunteers
- International growth
- Membership growth
- Promoting membership and registration
- Preparing for and after Brexit

## AUDITOR

On 25 June 2018, Crowe Clarke Whitehill LLP changed its name to Crowe U.K.LLP.  
Crowe U.K. LLP has indicated its willingness to be re-appointed as the statutory auditor.

Signed on behalf of the Trustees by:

**B McGill**  
Company Secretary

5 June 2019

**H M Seymour**  
President

## INDEPENDENT AUDITOR'S REPORT

### Opinion

We have audited the financial statements of the Society of Operations Engineers for the year ended 31 December 2018 which comprise the Consolidated Statement of Financial Activities, Consolidated and Company Balance Sheets, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of 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 United Kingdom and the 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 at 31 December 2018 and of the group's incoming resources and application of resources, 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 Act 2011.

### 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The trustees are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### **Opinion on matters prescribed by the Companies Act 2006**

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

- the parent company has not kept adequate accounting records; or
- the parent company's 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 Annual Report.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, 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 group's or 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.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 151 of the Charities Act 2011 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Andrew Thomas**  
**Senior Statutory Auditor**

**For and on behalf of**  
**Crowe U.K. LLP**  
**Statutory Audit**

**18 June 2019**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

(incorporating an Income and Expenditure Account) for the year ended 31 December 2018

	Notes	Total Funds 2018 £	Total Funds 2017 £
<b>Income and endowments from:</b>			
Charitable activities	3	2,013,117	2,043,848
Other trading activities			
Commercial trading operations	4	377,806	362,648
Investments		69,140	63,916
<b>Total income</b>		<b>2,460,063</b>	<b>2,470,412</b>
<b>Expenditure on:</b>			
Charitable activities:	6	2,544,773	2,321,821
Other			
Commercial trading operations (including taxation)	4	416,251	359,197
Investment management fees		16,358	16,585
<b>Total expenditure</b>		<b>2,977,382</b>	<b>2,697,603</b>
Net gains/(losses) on revaluation and disposal of investments	8	(245,746)	224,692
<b>Net income/(expenditure)</b>		<b>(763,065)</b>	<b>(2,499)</b>
<b>Other recognised gains/(losses):</b>			
Net income from joint venture	5	336,717	389,462
<b>Net movement in funds</b>		<b>(426,348)</b>	<b>386,963</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward		5,612,025	5,225,062
<b>Total funds carried forward</b>		<b>5,185,677</b>	<b>5,612,025</b>

The notes on pages 19 to 29 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.

## CONSOLIDATED AND SOCIETY BALANCE SHEETS

	Notes	Group		Society	
		31.12.18 £	31.12.17 £	31.12.18 £	31.12.17 £
<b>Fixed assets</b>					
Tangible assets	7	2,271,935	2,008,504	2,271,935	2,008,504
Investments	8	2,396,570	2,734,568	2,396,670	2,734,668
Investment in joint venture					
Share of net assets	5	100,000	100,000	0	0
		<u>4,768,505</u>	<u>4,843,072</u>	<u>4,668,605</u>	<u>4,743,172</u>
<b>Current assets</b>					
Debtors	9	329,702	454,680	565,145	431,470
Cash at bank and in hand	10	1,158,634	1,323,755	697,954	749,712
		<u>1,488,336</u>	<u>1,778,435</u>	<u>1,263,099</u>	<u>1,181,182</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,071,164)</u>	<u>(1,009,482)</u>	<u>(1,036,724)</u>	<u>(997,711)</u>
<b>Net current assets</b>		<u>417,172</u>	<u>768,953</u>	<u>226,375</u>	<u>183,472</u>
<b>Net assets</b>		<u>5,185,677</u>	<u>5,612,025</u>	<u>4,894,980</u>	<u>4,926,643</u>
<b>Funds</b>					
<b>Unrestricted funds</b>	13				
General		4,894,880	4,926,544	5,321,328	4,539,680
Subsidiary trading		290,797	685,481	-	-
Profit for the year				(426,348)	386,963
<b>Total Funds</b>		<u>5,185,677</u>	<u>5,612,025</u>	<u>4,894,980</u>	<u>4,926,643</u>

The notes on pages 19 to 29 form part of these accounts.

The financial statements on pages 16 to 29 were approved by the Trustees and authorised for issue on 5 June 2019 and signed on their behalf by:

**H M Seymour**  
President

**M P Sweetmore**  
Honorary Treasurer

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

Notes	Total Funds 2018 £	Total Funds 2017 £
<b>Cash flows from operating activities:</b>		
<b>Net cash provided by (used in) operating activities</b>	<u>71,210</u>	<u>381,008</u>
<b>Cash flows from investing activities:</b>		
Dividends, interest and rents from investments	69,140	63,916
Proceeds from the sale of property, plant and equipment	0	0
Purchase of property, plant and equipment	(381,365)	(71,882)
Proceeds from sale of investments	474,035	220,480
Purchase of investments	(381,783)	(194,766)
Investment managers fees	(16,358)	(16,585)
<b>Net cash provided by (used in) investing activities</b>	<u>(236,331)</u>	<u>1,163</u>
<b>Cash flows from financing activities:</b>		
Repayments of borrowing	0	0
Cash inflows from new borrowing	0	0
Receipt of endowment	0	0
<b>Net cash provided by (used in) financing activities</b>	<u>0</u>	<u>0</u>
<b>Change in cash and cash equivalents in the reporting period</b>	(165,121)	382,171
<b>Cash and cash equivalents at the beginning of the reporting period</b>	1,323,755	941,584
<b>Cash and cash equivalents at the end of the reporting period</b>	<u>1,158,634</u>	<u>1,323,755</u>
<b>Reconciliation of net income/(expenditure to net cash flow from operating activities</b>		
Net income/(expenditure) for the accounting period as per the statement of financial activities	(426,348)	386,963
Adjustments for:		
Depreciation charges	117,934	179,337
(Gains)/Losses on investments	245,746	(224,692)
Dividends, interest and rents from investments	(69,140)	(63,916)
Investment managers fees	16,358	16,585
Loss/(profit) on the sale of fixed assets	0	0
(Increase)/decrease in stocks	0	0
Decrease/(Increase) in debtors	124,978	45,709
Increase/(decrease) in creditors	61,682	41,022
<b>Net cash provided by (used in) operating activities</b>	<u>71,210</u>	<u>381,008</u>
<b>Analysis of cash and cash equivalents</b>		
Cash in hand	1,158,634	1,323,755
Notice deposits (less than 3 months)	0	0
Overdraft facility repayable on demand	0	0
<b>Total cash and cash equivalents</b>	<u>1,158,634</u>	<u>1,323,755</u>

## NOTES TO THE FINANCIAL STATEMENTS OR THE YEAR ENDED 31 DECEMBER 2018

**1. Accounting policies****i. 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 as it applies from 1 January 2015.

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 the going concern basis.

**ii. 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.

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

In the application of the charity's accounting policies, which are described in notes I, 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.

**iv. 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.

## 1. Accounting policies (continued)

### v. 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.

### vi. 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%
Website	20%

Assets over the value of £1,000 are capitalised.

### vii. 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.

### viii. Publications

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

### ix. 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.

### x. 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.

## 1. Accounting policies (continued)

### xi. 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.

### xii. 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.

### xiii. 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.

**3. Income from charitable activities**

	Society	
	Year to 31.12.18	Year to 31.12.17
	£	£
<b>Activities in furtherance of the charity's objects</b>		
Membership	1,364,154	1,347,710
Education and Events	222,930	245,993
Publications	272,393	279,470
Income from regional groups and centres	28,923	44,554
Room rental and sundry income	124,717	126,121
	<u>2,013,117</u>	<u>2,043,848</u>

**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	
			31.12.18	31.12.17
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.

	Year to	
	31.12.18	31.12.17
	£	£
<b>Profit and Loss Account for the year ended 31 December 2018</b>		
<b>Turnover</b>	<u>377,363</u>	<u>362,505</u>
<b>Expenditure</b>		
Cost of sales	(409,512)	(353,204)
Administrative expenses	(6,739)	(5,923)
	<u>(416,251)</u>	<u>(359,127)</u>
<b>Operating Profit/(Loss)</b>	(38,888)	3,378
Interest receivable	443	143
<b>Profit/(Loss) on ordinary activities</b>	(38,445)	3,521
Net Income from Joint Venture	336,717	389,462
<b>Profit before gift aid and taxation</b>	298,272	392,983
Amount gifted to the society	(692,956)	0
<b>Profit before taxation</b>	(394,684)	392,983
Taxation	0	(70)
<b>Retained profit for the year</b>	<u>(394,684)</u>	<u>392,913</u>

The company incurred corporation tax in the year of £Nil (2017: £70). 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. Early adoption has resulted in no gift aid paid across in 2017.

**4. Commercial trading operations (continued)**

	As at 31.12.18	As at 31.12.17
<b>IRTE Services Limited</b>		
<b>The aggregate of the assets, liabilities and funds was:</b>	<b>£</b>	<b>£</b>
Assets	699,495	802,977
Liabilities	(408,698)	(117,496)
<b>Funds</b>	<u>290,797</u>	<u>685,481</u>

The costs of the Commercial Vehicle Show LLP management team totalling £246,107 (2017: £253,280) are recharged to IRTE Services Limited by the SOE. IRTE Services Limited paid £394,642 as Gift Aid to the SOE in respect of the 2017 profit. The Gift Aid payment due in respect to the 2018 profit is £298,314.

Amount owing by/(to) parent company (included in liabilities)	<u>(345,219)</u>	<u>(92,639)</u>
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**5. Joint Venture**

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

	Year to 30 June 2018	
<b>Summary financial information of the CV Show LLP</b>	<b>Partnership total</b>	<b>SOE share</b>
	£	£
<b>Profit and Loss Account</b>		
Turnover	3,084,181	1,028,060
Operating Profit	1,009,610	336,537
Interest receivable	541	180
Partners' Asset	1,010,151	336,717
<b>Balance Sheet</b>		
	<b>As at 30 June 2018</b>	
Current Assets	1,681,968	560,656
Current Liabilities	(371,817)	(123,939)
Net Assets	<u>1,310,151</u>	<u>436,717</u>
Represented by:		
Partners' Capital Accounts	300,000	100,000
Partners' Current Accounts	1,010,151	336,717
	<u>1,310,151</u>	<u>436,717</u>

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

Prior to its year-end IRTE Services Limited received from the CV Show LLP, in July 2018 (£300,000) and in December 2018 (£36,717) being the distribution of the company's share of the profit of the 2018 CV Show. IRTE's accounts have therefore been updated to reflect these payments when accounting for its share of the CV Show LLP's net assets.

<b>6a. Analysis of charitable expenditure</b>	<b>Staff Costs</b>	<b>Support Costs</b>	<b>Other Direct Costs</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Year to 31 December 2018</b>				
Services to engineers	558,402	215,351	72,847	846,600
Regional groups and centres	30,412	11,728	102,926	145,066
Publications	83,254	32,108	478,726	594,088
Education	126,462	48,771	27,709	202,942
Marketing, committees and exhibitions	221,877	85,569	223,682	531,128
Governance	85,774	33,079	106,096	224,949
	<u>1,106,181</u>	<u>426,606</u>	<u>1,011,986</u>	<u>2,544,773</u>
<b>Year to 31 December 2017</b>				
Services to engineers	416,867	197,989	60,337	675,193
Regional groups and centres	42,721	20,290	112,490	175,501
Publications	46,743	22,201	487,787	556,731
Education	149,977	71,231	15,390	236,598
Marketing, committees and exhibitions	195,763	92,977	203,951	492,691
Governance	70,410	33,441	81,256	185,107
	<u>922,481</u>	<u>438,129</u>	<u>961,211</u>	<u>2,321,821</u>

**6b. Analysis of support costs**

	<b>Premises</b>	<b>Coms &amp; IT</b>	<b>Postage &amp; Printing</b>	<b>Financial Costs</b>	<b>Depreciation</b>	<b>Total</b>
Engineers	55,371	42,498	20,129	37,819	59,533	215,350
Regions	3,016	2,314	1,096	2,060	3,242	11,728
Publications	8,256	6,337	3,001	5,639	8,876	32,109
Education	12,540	9,624	4,559	8,565	13,483	48,771
Marketing/Publicity	22,002	16,886	7,998	15,027	23,655	85,568
Governance	8,506	6,528	3,092	5,809	9,145	33,080
<b>Total Support</b>	<u>109,691</u>	<u>84,187</u>	<u>39,875</u>	<u>74,919</u>	<u>117,934</u>	<u>426,606</u>
<b>Total Support Costs 2017</b>	<u>91,360</u>	<u>92,873</u>	<u>45,172</u>	<u>29,387</u>	<u>179,337</u>	<u>438,129</u>

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

Governance costs include audit fees of £16,875 (2017: £16,500), non audit fees of £5,700 (2017: £12,928). All 17 Trustees (including the 5 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 £67,935 (2017: £35,644); Trustees' and Officers' liability insurance £4,698 (2017: £4,704); remainder is expenditure on legal and other administrative costs and an apportionment of staff time.

<b>7. Tangible fixed assets</b>	<b>Land and buildings Freehold</b>	<b>Computer and other assets</b>	<b>Asset under construction</b>	<b>Total</b>
<b>Group and Society</b>				
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cost at 31 December 2017	2,257,845	104,638	0	2,362,483
Additions	0	35,905	345,460	381,365
Fully depreciated and written off	0	(27,839)	0	(27,839)
Cost at 31 December 2018	<u>2,257,845</u>	<u>112,704</u>	<u>345,460</u>	<u>2,716,009</u>
<b>Depreciation</b>				
Balance at 31 December 2017	294,752	59,227	0	353,979
Charge for the year	90,885	27,049	0	117,934
Asset write downs from previous years	0	(27,839)	0	(27,839)
Balance at 31 December 2018	<u>385,637</u>	<u>58,437</u>	<u>(0)</u>	<u>444,074</u>
<b>Net book value at 31 December 2018</b>	<u>1,872,208</u>	<u>54,267</u>	<u>345,460</u>	<u>2,271,935</u>
<b>Net book value at 31 December 2017</b>	<u>1,963,093</u>	<u>45,411</u>	<u>0</u>	<u>2,008,504</u>
<b>8. Investments</b>	<b>31.12.18</b>	<b>31.12.18</b>	<b>31.12.17</b>	<b>31.12.17</b>
<b>Group</b>	<b>Cost</b>	<b>Market Value</b>	<b>Cost</b>	<b>Market Value</b>
<b>Listed stocks and shares</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
UK Gilts and other fixed interest	258,450	270,977	254,931	286,425
UK Equities	648,094	928,950	709,253	1,162,297
Alternatives & Hedge Funds	199,475	214,347	199,475	220,536
Overseas investments	816,025	982,296	676,255	1,065,310
<b>Investments total</b>	<u>1,922,044</u>	<u>2,396,570</u>	<u>1,839,914</u>	<u>2,734,568</u>
<b>Movements during the year</b>			<b>Year to</b>	<b>Year to</b>
<b>Group</b>			<b>31.12.17</b>	<b>31.12.17</b>
			<b>£</b>	<b>£</b>
Market value as at start of year			2,734,568	2,535,590
Purchases during the year			381,783	222,894
Sales at market value prior to disposal			(459,916)	(251,675)
Unrealised (loss)/gain on revaluation			(259,905)	228,560
Non market transactions			40	(801)
Market value as at end of year			<u>2,396,570</u>	<u>2,734,568</u>
Realised gain on disposal of investments			13,361	(5,860)
Unrealised (loss)/gain on revaluation			(259,905)	228,560
Gain/(losses) on non market transactions			797	1,992
Net gains/(losses) on revaluation and disposal of investments			<u>(245,746)</u>	<u>224,692</u>

**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 £123,240 (5.1%) Schroder Unit Trust £153,692 (6.4%).

**Society**

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

9. Debtors	Group		Society	
	31.12.18	31.12.17	31.12.18	31.12.17
	£	£	£	£
Trade debtors (less bad debts)	212,178	193,485	75,008	100,731
Owed by subsidiary undertaking	0	0	345,219	92,639
VAT	24,096	38,677	53,135	51,762
Other debtors	7,479	84,705	5,929	83,900
Prepayments and accrued income	85,949	137,813	85,854	102,438
	<u>329,702</u>	<u>454,680</u>	<u>565,145</u>	<u>431,470</u>

10. Cash and bank balances	Group		Society	
	31.12.18	31.12.17	31.12.18	31.12.17
	£	£	£	£
Treasury Reserve money market accounts	0	0	0	0
Deposit and current accounts	1,158,534	1,323,555	697,854	749,512
Cash in hand	100	200	100	200
	<u>1,158,634</u>	<u>1,323,755</u>	<u>697,954</u>	<u>749,712</u>

11. Creditors: amounts falling due within one year	Group		Society	
	31.12.18	31.12.17	31.12.18	31.12.17
	£	£	£	£
Subscriptions in advance	558,997	560,014	558,997	560,014
Trade and other creditors	265,306	202,291	247,876	195,320
Social security and other taxes	37,734	35,072	37,734	35,072
Accruals and deferred income	209,127	212,105	192,117	207,305
	<u>1,071,164</u>	<u>1,009,482</u>	<u>1,036,724</u>	<u>997,711</u>

Creditor accruals totalled £ Nil (2017: £Nil). The deferred income includes sponsorship fees for the Skills Challenge competition and advertising revenue, both of which relates to 2019.

## 12. Capital Commitments and Operating Leases

The Group had capital commitments at year end totalling £115k (2017: £417k) in relation to the digital transformation project to upgrade the membership database and website.

During 2018, 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 £6,532 (2017: £Nil).

**13. Reserves**

	<b>General Reserves £</b>	<b>Regional Reserves £</b>	<b>Total Reserves £</b>
<b>Year to 31 December 2018 Group</b>			
Balance at 31 December 2017	5,509,854	102,171	5,612,025
Surplus/(Deficit) for the year	(414,231)	(12,117)	(426,348)
Balance at 31 December 2018	<u>5,095,623</u>	<u>90,054</u>	<u>5,185,677</u>
<i>Represented by</i>			
Fixed assets	4,768,505	0	4,768,505
Cash at bank and in hand	1,068,580	90,054	1,158,634
Other net current assets	(741,462)	0	(741,462)
	<u>5,095,623</u>	<u>90,054</u>	<u>5,185,677</u>
<b>Society</b>			
Balance at 31 December 2017	4,824,472	102,171	4,926,643
Surplus/(Deficit) for the year	(19,546)	(12,117)	(31,663)
Balance at 31 December 2018	<u>4,804,926</u>	<u>90,054</u>	<u>4,894,980</u>
<i>Represented by</i>			
Fixed assets	4,668,605	0	4,668,605
Cash at bank and in hand	607,899	90,054	697,953
Other net current assets	(471,578)	0	(471,578)
	<u>4,804,926</u>	<u>90,054</u>	<u>4,894,980</u>
<b>Year to 31 December 2017 Group</b>			
Balance at 31 December 2016	5,119,377	105,685	5,225,062
Surplus/(Deficit) for the year	390,477	(3,514)	386,963
Balance at 31 December 2017	<u>5,509,854</u>	<u>102,171</u>	<u>5,612,025</u>
<i>Represented by</i>			
Fixed assets	4,843,072	0	4,843,072
Cash at bank and in hand	1,221,584	102,171	1,323,755
Other net current assets	(554,802)	0	(554,802)
	<u>5,509,854</u>	<u>102,171</u>	<u>5,612,025</u>
<b>Society</b>			
Balance at 31 December 2016	4,518,707	105,685	4,624,392
Surplus/(Deficit) for the year	305,765	(3,514)	302,251
Balance at 31 December 2017	<u>4,824,472</u>	<u>102,171</u>	<u>4,926,643</u>
<i>Represented by</i>			
Fixed assets	4,743,172	0	4,743,172
Cash at bank and in hand	647,541	102,171	749,712
Other net current assets	(566,241)	0	(566,241)
	<u>4,824,472</u>	<u>102,171</u>	<u>4,926,643</u>

<b>14. Staff</b>	<b>Year to 31.12.18 £</b>	<b>Total 31.12.17 £</b>
The total staff emoluments including taxable benefits for the year:		
Gross salaries permanent and temporary staff	900,663	770,899
Employer's NI	92,304	80,116
Employer's pension	48,038	43,615
Life assurance cover	3,927	6,498
	<u>1,044,932</u>	<u>901,128</u>

Redundancy and termination payments totalling £6,250 (2017: £Nil) were paid during the year.

	<b>2018</b>	<b>2017</b>
Key Management (defined as the senior management team):		
Total emoluments including taxable benefits for the year	645,823	583,439

During the year, payments totalling £1,000 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).

	<b>2018</b>	<b>2017</b>
Average number of employees analysed by function was:		
Charitable expenditure	19	18
Management, administration and support	3	3
CV Show management team	4	4
	<u>26</u>	<u>25</u>

A number of temporary staff were employed during the year to provide additional support in certain departments.

	<b>2018</b>	<b>2017</b>
Number of staff whose emoluments (excluding pensions) including taxable benefits from the Society exceeded £60,000:		
£70,001 - £80,000	1	
£80,001 - £90,000	1	2
£90,001 - £100,000		

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.

#### **15. Society Pension Arrangements**

The Society's contributions made on behalf of eligible employees in the year amounted to £62,175 (2017: £55,976). (Also see note 1(vii) of the accounts.).

#### **16. The Council of Management**

The Trustee Board consists of 15 members including the chairs of the 3 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).

**17. Volunteers**

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

**18. 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.

**19. Dormant Companies**

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

<b>Name</b>	<b>Country of Registration</b>	<b>Registration Number</b>	<b>Reserves 31.12.18 £</b>	<b>Reserves 31.12.18 £</b>
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.

**20. 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 £1,478,291 (2017: £1,701,945) and financial liabilities at amortised cost comprising trade and other creditors and accruals of £474,434 (2017: £414,396).

Total interest income received in respect of financial assets held at amortised cost totalled £896 (2017: £216).

The charity held financial assets at fair value through income or expenditure company investments of £2,396,570 (2017: £2,734,568). Movements in the year through the Statement of Financial Activities comprise income of £68,244 (2017: £63,700) and net losses of £245,746 (2017 net gains: £224,692).



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