

Xx

Annual Report and Accounts 2016

Civil Engineers: Shaping The World

Table of Contents

About ICE	2
President's foreword	3
Delivering public benefit	4
Objective 1 – Grow the membership	5
Objective 2 – Provide whole life learning to our members	8
Objective 3 – Identify and shape the big issues.....	9
Finance, projects and resources	11
Where the money comes from and where it is spent.....	13
Financial review for the year ended 31 December 2016.....	14
Statement of trustees' responsibilities	19
Independent auditor's report to the trustees of the Institution of Civil Engineers.....	20
Consolidated statement of financial activities	21
Charity statement of financial activities	22
Balance Sheets.....	23
Consolidated cash flow statement.....	24
Principal accounting policies	25
Notes to the financial statements	28
Governance and management.....	47

Cover photograph: Infrastructure Learning Hub, One Great George Street, London

About ICE

Background and Mission

The Institution of Civil Engineers (ICE) provides professional expertise in transport, water supply and treatment, flood management, waste and energy. Established in 1818, it has over 91,000 members, over a quarter living outside the United Kingdom. ICE has long provided independent professional advice to government departments and political parties. We work with all parts of the profession to ensure that civil engineering remains a major contributor to economic growth, and raising society's quality of life around the world.

Vision and Strategy

Our 2025 vision, as approved by the Institution's Council in December 2012, is for ICE to be an organisation recognised and operating globally:

- As the qualifying body for a broad spectrum of activity in the built environment.
- As an authoritative and independent voice because of its collective knowledge and emphasis on lifelong learning and respected for its advice because of the commitment members make to self-improvement to provide ethical solutions to societal problems at all levels and scales.
- Because its global membership is passionate about being members of such a rewarding profession and in inspiring the next generation.
- And is the organisation to which the world's organisations and institutions turn to help identify and tackle the world's global challenges.

Business Planning

Council updates its strategy and sets objectives at the ASM. In October 2016, Council approved our plan for 2017 – 2019, which concentrates on taking forward a small number of programmes that will accelerate progress in our three overriding objectives to

1. Grow the membership - (i) deepening: so that more civil engineers and civil engineering technicians choose to qualify with ICE; (ii) broadening: so that other built environment professionals join our knowledge network; (iii) becoming more diverse: so our Institution better reflects the societies we serve; and (iv) growing internationally: by promoting an offer that is relevant in different regions of the world.
2. Provide whole life learning to our members – relevant knowledge and professional development opportunities at each stage of our members' careers, including sector insights, and networking.
3. Identify and shape the big issues on infrastructure and civil engineering – to complement our existing engineering knowledge output with insights into the big social, political, technological and economic trends shaping civil engineering. This will help to shape the public and industry agenda for infrastructure and the built environment.

Fundraising

Fundraising income is presented in our accounts as "voluntary income" and includes legacies and grants. All solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the trustees.

ICE's fundraising activities focus on generating income to support (i) civil engineering scholarships through the Queen's Jubilee Scholarship Trust (QUEST), and (ii) Shaping the World, a capital appeal which enabled the upgrade of public facilities at our One Great George Street headquarters, and which will progress education initiatives in 2017. ICE is aware of the UK Fundraising Regulator's guidance, which has received no complaints in the year and is confident in its ability to comply.

President's foreword



Professor Tim Broyd,
ICE President

In my Presidential address in November, I set out a vision... to support the digital transformation of our industry.

If we embrace technology, we can give people better infrastructure, more opportunity and better lives.

.... If we succeed, we really will have shaped the world

In my Presidential address in November 2016, I set out a vision. I want ICE to support the digital transformation of our industry. If we embrace technology, we can give people better infrastructure, more opportunity and better lives. ICE has supported this vital shift for many years and this accelerated in 2016.

I would like to thank my predecessor Sir John Armit for all his work. During his year in office, we made enormous strides with governments around the globe. The year began with the delivery of a major report to the Hong Kong government. *Shaping Hong Kong's Future* provided advice for developing the city's infrastructure over the next 30 years. The year ended with the release of the National Needs Assessment, an evidence-based blueprint for the UK's infrastructure up to 2050. It is already shaping the UK government's thinking – and spending - on what it needs and why.

Our membership continues to grow: an increase of over 2% took the total past 91,000. We are also becoming more representative of the modern, global infrastructure industry. Female membership rose by 7% and members voted “yes” to a proposal to create a new Associate grade. Growth was particularly strong in the Asia-Pacific region. Applications for professional review rose by 17%. We signed partnership agreements with a range of employers and universities. We will help them to support their students and employees to grow as professionals.

A broad, active and representative membership gives us the platform to do more, and do it better. Our annual BIM conference once again drew in leaders from clients and the supply chain. We also launched our new Thought Leadership portal, *ICE Thinks*. This has allowed thousands of people to hear more about the ideas and technologies that will shape the future of infrastructure across the world.

In November, we opened our first exhibition in the new Infrastructure Learning Hub. The exhibition tells the story of engineers, the bridges they built and the lives they changed. It also of course showcased the world's longest Lego bridge! The ILH is at the centre of our efforts to communicate the excitement of civil engineering to the UK public and in two months, nearly 9,000 people visited. As we move towards our 200th anniversary in 2018, we will redouble our efforts to encourage the next generation into the profession.

In 2017, all these efforts will continue to drive membership growth. We will inspire the next generation and showcase civil engineering achievements. We will provide even more support to professionals at all stages of their careers. We will give governments the advice they need to deliver “fit for purpose” infrastructure. In so doing we shall prove, again, that civil engineers really do shape our world.

Delivering public benefit

ICE is a charitable body and exists to deliver benefits to the public.

Benefits arising from activities

The benefits arising from activity are widespread.

- The general public benefits from safe and well-designed infrastructure which is delivered through the expertise of ICE's members. This expertise is in turn developed and recognised through our membership qualification process. The general public also benefits from the generation and dissemination of knowledge, educating the public and ensuring best practice is available to members.
- Government in the UK (national, devolved and local) benefits from our expert evidence to public consultations and from our published policy reports. Both public and private sector employers, and through them the wider economy, benefit commercially from employing Institution members who have a globally recognised professional engineering qualification.
- Young people can realise their potential from our efforts to raise interest in science, maths and technology in schools and colleges and to encourage and support the young civil engineers of tomorrow.
- Finally, ICE members benefit (i) from having a highly respected qualification that is recognised around the world, and also from on-going career support from the Institution, (ii) through the extensive publishing activity comprising peer-reviewed technical journals, books, from access to ICE's historic library and archive, and much other professional development material, and (iii) through a professional network that makes them more valuable both to society and to their employers.

Many of the infrastructure activities in which our members are engaged involve, of necessity, the evaluation of public good against the risk, cost or other impact of alternative options. The Institution, through its activities promotes best practice and the rigorous assessment of sustainability and health and safety considerations. These activities all seek to reduce any detriment involved in activities managed or designed by our members. The Institution's own activities as a professional body are not considered to generate any detriment or harm.

Membership

The Institution as a membership organisation has members rather than beneficiaries. Members' annual subscriptions form a significant part of our income, which is used to fund activities for public benefit. Members themselves receive benefits through the dissemination of knowledge and best practice, and from the esteem and recognition resulting from their membership of a profession with high standards both of entry and for continuing membership. However, without its members the Institution could not continue to pursue its charitable purpose. Membership is open to anyone who can meet our professional standards. Financial barriers to entry are relatively small. Student membership is free and, through the Institution's QUEST Fund, bursaries are available to attract able candidates both at graduate entry level and also for aspiring technicians. For existing members a concessionary rate is available for those who are unemployed, taking a career break, on low income or retired. The Institution also refers members to its Benevolent Fund, a separate charity for supporting members and their families in need. The fund can, when appropriate, ensure all membership fees are paid for beneficiaries.

Charity Commission Guidance

The Institution's Council confirms it has complied with the duty outlined in Part 2 of the Charities Act 2011 to have regard to guidance on public benefit published by the Charity Commission when exercising any powers or duties to which the guidance is relevant.

Objective 1 – Grow the membership

What we said we'd do - 2016 Objectives

- 10% growth in new registered ICE Training Agreements and applications for Professional Review. 4% growth in Graduate members. Growth in the number of qualified members.
- Deploy enhanced online Initial Professional Development (IPD) system following user feedback.
- Deliver a pilot project for Academic Partnerships involving three UK universities, and Employer Partnerships in the UK involving 10 companies.
- Develop the Associate Member offer for launch in early 2017, subject to member ballot.
- Deliver the ICE Diversity and Inclusivity Action Plan.
- Create an International Strategy, with agreed funding, to exploit identified opportunities.
- Develop and deploy our Education and Inspiration agenda.

What we did - 2016 Performance and Achievements

Membership numbers

The table below highlights the main areas of membership growth in 2016. Overall numbers grew by over 2%, reflecting strong increases in Students (6% growth), Technicians (28% growth), and Graduates (3% growth). Geographically, growth was driven by increases in Asia Pacific and the United Kingdom. It was again pleasing that the number of women members grew by over 7% to 11,279 and now represents 12.4% of total membership (2015: 11.8%).

<u>Membership by location</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
United Kingdom	64,765	65,459	65,918	66,558	67,626
Europe (excl UK)	2,039	2,019	2,100	2,129	2,048
Americas	1,561	1,542	1,500	1,460	1,431
Middle East & Africa	2,696	2,767	2,927	3,020	2,996
Asia Pacific	11,335	12,251	13,989	15,643	16,927
Total	82,396	84,038	86,434	88,810	91,028

<u>Membership by grade</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Fellow	5,235	5,243	5,250	5,244	5,252
Member	39,387	39,242	38,834	38,806	40,143
Graduate	16,728	17,512	18,149	19,039	19,661
Student	17,686	18,760	20,907	22,280	23,652
Technician	718	817	1,013	1,295	1,656
Associate	1,751	1,639	1,525	1,436	620
Other	891	825	756	710	44
Total	82,396	84,038	86,434	88,810	91,028

<u>Membership by category</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Practising	51,378	51,727	51,968	52,826	53,557
Student	17,686	18,760	20,907	22,280	23,652
Retired	13,332	13,551	13,559	13,704	13,819
Total	82,396	84,038	86,434	88,810	91,028

Other targets set for 2016:

- Training Agreements. Economic uncertainty in the United Kingdom following the Brexit referendum restricted growth; however, over 1,900 graduates registered, which was 6% more than 2015.
- Applications for Professional Review. The number of applications increased by 17%, reflecting the growth in Graduate members over the past five years.
- Graduate & Qualified members. Growth in the number of Graduates was only marginally below target, at 3%, while we succeeded in our target to grow the overall number of Qualified members.
- Initial Professional Development (IPD) system. Following extensive user testing, the system is scheduled for deployment in Q2 2017. While later than expected, the rigorous quality assurance used in development will ensure the system meets expectations of individual users and employers.
- Partnerships Academic partnerships were launched in Q4 2016 with four UK universities (Leeds, Nottingham Trent, Imperial College London and London South Bank). Four corporate (employer) partnerships were launched; whereby all civil engineering graduates from AECOM, Amey, BAM Nuttall and Skanska will follow the ICE Training Agreement route to professional qualification.
- Associate Member. Following Privy Council approval, the new grade was launched in January 2017.
- International Strategy. The strategy for 2017-20 was approved by Council in April 2016. Pilot projects to assess growth potential, were completed in Q4 2016. In 2017, we will deliver an enhanced business development capability in the Gulf region and begin regrouping the international regions under knowledge (AMICE) and qualification (MICE) offers.
- Diversity and Inclusivity Action Plan. We launched the plan and hosted the launch of the Royal Academy of Engineering and Science Council's Diversity and Inclusion Progression Framework for professional bodies.
- Education and Inspiration. ICE engaged with the Trailblazer apprenticeship programme in England, supporting the development of seven standards in civil and rail engineering and six in related construction areas. We supported development of apprenticeships in Northern Ireland and are helping the Scottish Apprenticeship Advisory Board to develop new standards.

What we'll do next – 2017 Objectives

- Membership. We are targeting to improve on the level of growth achieved in 2016, in all qualified grades and Graduates. In addition, we are aiming for 1,000 new Associate (AMICE) members.
- IPD Online. We expect to deploy phase 1 (individuals) in Q2 2017, and phase 2 (employer management tools) by Q4 2017.
- Membership Support Centre. We will supplement the established UK office in Birmingham with enhanced online reporting tools to improve reporting and management of our membership pipeline.

- International. We will focus on the Gulf region, upgrading and re-locating our office, employing new staff, and developing accreditation of tertiary education while concurrently increasing career appraisal workshops as a vehicle towards professional review.
- Partnerships. Subject to the successful completion of the four pilot programmes, we plan to expand the scheme to ten UK universities by the end of 2017. With regard to corporate partnerships, we plan to capture the majority of larger UK engineering employers by the end of the year.

Objective 2 – Provide whole life learning to our members

What we said we'd do - 2016 Objectives

- Launch career development tools for members, as part of an integrated e-learning programme to provide enhanced Continuing Professional Development (CPD) opportunities for members.
- Re-develop the Events section of our website to enhance the customer experience and grow audiences.
- Deliver the first ICE exhibition in the new Infrastructure Learning Hub at One Great George Street (OGGS), following the summer 2016 refurbishment closure.
- Deliver a campaign of initiatives to promote the Procurement agenda.

What we did - 2016 Performance and Achievements

- Career development tools. A detailed research programme into member knowledge needs was undertaken and the results have informed the design and development of a pilot programme.
- Events. A user experience study was completed and specification created to improve the Events page interface.
- Exhibition in OGGS. The Bridge Engineering Exhibition opened in October 2016 and attracted 8,500 visitors in the two month period up to Christmas. Feedback was excellent, in particular by school children during the half term break, as well as engineers and the wider community.
- Campaigns. The Procurement and Supply Chain campaign in Q1 2016 saw collaboration across the Knowledge, Policy, Membership and NEC teams to develop our key messaging, and coordination of group marketing to deliver them. Subsequent campaigns were delivered as follows: Urbanisation and Resilience (Q2), Infrastructure Transformation (Q3), and Lifelong Learning (Q4).

What we'll do next - 2017 Objectives

- Whole life learning. The delivery and testing of the pilot phase of the tools to improve delivery of whole life learning will be completed. Additional content will be created and acquired through partnerships to meet identified needs. The feasibility and desirability of creating qualification-based products will be assessed. This work will include the evaluation of a summer school, a masters level offering and shorter in-service courses to meet employer needs.
- Events. The programme will be refreshed to make it more valuable to our audiences through better topic selection and more formats that are engaging. The website will be upgraded to improve the booking process. Video and audio offerings will be extended to improve discoverability and usage.
- ICE200. This programme will mark ICE's 200th anniversary in 2018. The Knowledge components will focus on providing engaging stories about civil engineers, engineering and the impact on society. A series of products will be created to celebrate the past, present and future of civil engineering.

Objective 3 – Identify and shape the big issues

What we said we'd do - 2016 Objectives

- Thought Leadership campaigns. Two campaigns will be delivered covering urbanisation and infrastructure transformation, both aiming to raise ICE's profile, status and relevance. The campaigns will link new content on ice.org.uk with social media activity, events and reports.
- National Needs Assessment. An assessment of the UK's needs over the next 30 years will be delivered to the UK government's National Infrastructure Commission, based on research led by the University of Oxford. ICE will lead a coalition of stakeholders including the CBI, Green Alliance and Transport for the North to support the project and its findings.
- Devolution and the Northern Powerhouse. ICE will publish a State of the Nation report on infrastructure and devolution in May 2016. ICE's Northern English regions have formed a single group to shape thinking on the government's Northern Powerhouse initiative. Elsewhere ICE will publish and promote infrastructure manifestos in advance of elections in Scotland, Wales, Northern Ireland and London.
- Informing Opinion outside of the UK. ICE will identify its contribution outside of the UK, drawing on feedback from our initiatives in Hong Kong and elsewhere.
- Media profile. ICE will aim to improve on 2015, which increased by 12% over the previous year, and averaged 278 media "hits" per month across all TV, radio and print outlets.

2016 Performance and Achievements

- Thought Leadership campaigns. Two thought leadership programmes, covering the engineering challenges of accelerating urbanisation and the impact of disruptive technology were launched in Q2 and Q3. This material formed the basis of ICE Thinks; a new thought leadership portal providing access to a range of green papers, short films, blogs and podcasts. The material received 16,000 unique views with average time spent by readers on each page well above the site average. It also generated 26,000 engagements on social media.
- National Needs Assessment. The NNA was launched by Sir John Armit and Rt Hon David Gauke MP, Chief Secretary to the Treasury on 19 October. The study has become a key point of reference for the UK government and National Infrastructure Commission. ICE has also been asked to provide verbal evidence to a number of parliamentary committees looking at the UK's future needs.
- Devolution and the Northern Powerhouse. The State of the Nation ("SoN") report on infrastructure and devolution was launched at Birmingham City Hall in June. Manifestos for the devolved administration elections and a series of hustings events were all delivered. The manifestos of the main parties included 131 proposals aligned to ICE's proposals over the previous five years. The Northern Powerhouse group made a major contribution to the SoN Devolution report.
- Informing Opinion outside of the UK. ICE Hong Kong has been working with local stakeholders to identify opportunities to build on the January 2016, Shaping Hong Kong study. We are co-operating on a series of infrastructure round-tables aimed at developing a consensus amongst local stakeholders.

- Media profile. ICE's monthly average of media of 278 hits equalled the 2015 record. Measured by "reach" (hits multiplied by circulation/audience) we saw a 17% increase. Our media monitoring shows that on average ICE reaches 60% of UK adults, 3 times a month.

What we'll do next - 2017 Objectives

- NNA Follow-up. We will deliver a number of follow-up projects in collaboration with members of the NNA project team including CBI, Pinsent Masons, Atkins and KPMG. These projects will include: (i) An *Infrastructure Strategy for the North* report; (ii) A project to identify financing and funding options for meeting UK infrastructure needs; (iii) A roadshow to disseminate the findings to stakeholders across the UK; and (iv) Creation of content for a pilot ICE Strategic Leadership programme.
- ICE Thinks & Thought Leadership. We will grow the audience of ICE Thinks (as measured by unique page views and social media engagements) by 5%. This will contribute to the development of a strategy to establish ICE as a global leader in infrastructure Thought Leadership. This strategy will be presented to the ICE Annual Strategy Meeting in October 2017 for approval.
- State of the Nation. The 2017 State of the Nation report will be delivered in Q2 and will focus on Digital Transformation. The report will be used to drive interest in the Digital Engineering campaign that will be delivered in Q3 as part of the programme to support Objective 2 – Provide Whole Life Learning.
- Media Profile. We will seek to grow ICE's media profile further as measured by media hits and reach.

Finance, projects and resources

ICE's business planning process includes an objective of improving the financial position and organisation generally, with measurable objectives and monthly reporting of key performance indicators.

What we said we'd do - 2016 Objectives

- Shaping The World. Raise funds to enable upgrade elements of OGGS major capital works. Undertake research via our Academic In Residence, and consult Council on projects to be developed and funded in 2017.
- Major Capital Works – One Great George Street headquarters. Complete the extensive refurbishment of the ICE headquarters in London, including upgrade of Members' Business Centre and Infrastructure Learning Hub.
- Deliver an operating surplus of £1.1m, and free unallocated reserves (after designations) above £7m notwithstanding major capital works undertaken during the year.
- Maintain the employee engagement score above 70%.
- Design and deliver a programme to enhance customer experience, engendering a 'customer-first' attitude across the Group.

What we did – 2016 - Performance and Achievements

- Shaping The World. We concluded Founding Partner agreements with eleven companies who have agreed to contribute more than £0.5m over five years towards the upgrade elements of the Major Capital works. The Founding partners whom we would like to recognise, include:

AECOM	John Laing
Atkins	Mace Foundation
Carillion	Mott MacDonald
Costain	Ramboll
Kier	VINCI Construction UK Ltd
WSP Parsons Brinckerhoff	

- We would also like to acknowledge the support of the following donors towards our Shaping the World Appeal, The Garfield Weston Foundation, Sir William Francis, the John Laing Charitable Trust and Sir Gordon Wu.
- Major Capital Works – One Great George Street. Completed in September 2016 within budget and deadline. The new Infrastructure Learning Hub opened in October with the Bridge Engineering exhibition.
- Operating surplus. An operating surplus of £1.1m was delivered. Free reserves were £8m at year-end, exceeding target by £1m mainly due to investment gains.
- Employee engagement. 75% of respondents to the employee survey stated that they felt 'personally inspired and motivated to achieve the organisation's objectives'. 80% agreed or strongly agreed that they were 'treated with fairness and respect.' The survey did highlight that employees sought an improved learning and development offering from ICE Group.

- Customer experience. External customer experience consultants assessed IPD and Events systems. Upgrades to both are scheduled for 2017.

What we'll do next - 2017 Objectives

- Shaping The World. Develop our Shaping The World appeal, through deployment of projects initiated by our Academic In Residence. Fundraising target for the appeal in 2017 is £0.5m.
- Operating Surplus of £1.1m, and increasing unrestricted reserves to £9.5m.
- Employee Engagement. Continue to build and monitor our employee engagement levels, seeking to ensure all employees remain committed to the goals of the ICE Group whilst also able to develop their careers.
- Learning and Development. Implement interventions available to a broader range of colleagues to improve skills.
- Employee Well-Being. Continue with on-going assessment, with certain interventions supported / led by the staff consultation forum, OurVoice.

Where the money comes from and where it is spent

The table below provides a high-level breakdown of income, as shown in the consolidated statement of financial activities for 2016 and notes to the financial statements.

Where the money comes from	2016		2015	
	£000	%	£000	%
Membership subscriptions	12,170	40	11,992	36
Examinations and other training fees	1,568	5	1,508	5
Other charitable income	1,462	5	1,348	4
Trading activities	14,130	46	15,422	46
Investment income	416	1	439	1
Donations, legacies and other income	1,032	3	1,242	4
Gain on disposal of fixed assets and investments	-	-	1,289	4
Total Income	30,778	100	33,240	100

The table below provides a high level breakdown of expenditure, as shown in the consolidated statement of financial activities for 2016.

Where the money is spent	2016		2015	
	£000	%	£000	%
Charitable activities	18,050	61	17,480	58
Trading	11,363	38	12,498	41
Fundraising and investment	272	1	276	1
Total Expenditure	29,685	100	30,254	100

The majority (61%) of ongoing expenditure continued to be incurred directly on charitable activities (2015: 58%), in pursuance of the charitable object set out in ICE's Royal Charter. Qualification and Membership related expenditure, which covers the cost of admissions and transfers, professional reviews and professional learning and development, accounted for £10.3m (2015: £9.5m) of the charitable activities expenditure. A further £4.9m (2015: £5.5m) was spent on Knowledge & Professionalism, which includes costs related to nurturing and sharing civil engineering knowledge.

Trading activities accounted for £11.4m, (38% of total expenditure; 2015: 41%), primarily incurred in ICE's trading subsidiary, Thomas Telford Limited. While expenditure varies in relation to the volume of trading activity, the key measure of effectiveness is the profit generated. This is then used to support charitable activities and mitigate increases to membership subscription tariffs. Trading activities generated a profit of £3.1m in 2016 (2015: £3.3m). The remaining 1% of expenditure was incurred on fundraising and management costs of ICE's investment portfolio.

The cost of front line services to members is included within charitable activities, and accounted for £12.6m (70%) of total charitable expenditure (2015: £12.1m, 69%), reflecting a commitment to improving the range and quality of digital related services, whilst at the same time pursuing operational efficiencies.

Also included within charitable and trading expenditure were support costs (IT, HR, Premises, Finance, and Management), totalling £6.2m and representing 21% of total expenditure (2015: £6.3m, 21%).

Financial review for the year ended 31 December 2016

Overall result

The Institution's financial position strengthened before an actuarial loss in 2016, with an increase in overall reserves of £2.9m, summarised as follows:

	2016 £000	2015 £000
Net income before other recognised gains and losses	2,886	3,338
Actuarial (loss) / gain on defined benefit pension scheme	(3,343)	1,537
Net movement in funds	(457)	4,875

Net income before other recognised gains and losses was down on the previous year, mainly due to one-off gains from disposal of investments in 2015. Our trading subsidiary, Thomas Telford Limited, delivered a net profit of £3.1m (2015: £3.3m) all of which is donated to the Institution. The decline in TTL profit was largely driven by the closure of OGGs in the summer of 2016 for the major refurbishment project.

The investment portfolio recorded an overall return of 11.7% (2015: 3.3%) for the year, which also contributed to the investment gain of £1.8m (2015: £0.4m).

The actuarial loss on the defined benefit pension scheme was £3.3m, compared to a gain of £1.5m in 2015. The 2016 loss is mainly due to a decrease in the AA corporate bond discount rate used for valuation of the scheme's liabilities.

Income and trading

Total income for the year was £30.8m, a decrease of £2.4m from 2015 (£33.2m).

ICE's trading operations are largely carried out through a wholly owned subsidiary company, Thomas Telford Limited (TTL), whose principal activities include the publication of contracts, books and quality journals, the provision of training, and the provision of meeting and hospitality facilities. The recruitment arm of the business closed in 2016. ICE also runs a number of conferences and seminars directly, in pursuance of its charitable purpose to promote civil engineering rather than for commercial return.

TTL's net trading result for the year was a net profit of £3.1m (2015: £3.3m) and is detailed in Note 2c on page 29. The whole of the TTL profit is gift aided to the Institution.

Charitable application

ICE was therefore able to allocate £18.1m (2015: £17.5m) directly to fulfilling its charitable objectives. Membership qualification activities accounted for £10.3m (2015: £9.5m) and the Knowledge and Professionalism role of nurturing and sharing civil engineering knowledge accounted for a further £4.9m (2015: £5.5m). Finally, Informing Opinion expenditure, which is related to advisory, informing policy and promotion of best practice, accounted for the balance of £2.9m (2015: £2.5m). Amounts spent regionally are set out in the table in Note 6b on page 31.

Restricted funds

Within the Restricted Funds, the Queen's Silver Jubilee Scholarship Trust (QUEST) enjoyed another successful year. Donations totalled £435k (2015: £454k). Grants totalling £811k (2015: £787k) were awarded to 452 scholars during the year. The Research and Development Enabling Fund awarded six new grants in 2016 (2015: 11) with an average grant per recipient of £15k (2015: £10k).

Capital expenditure

Capital expenditure of £5.0m (2015: £1.0m) was incurred during the year, largely representing the major refurbishment project at One Great George Street.

Cash Flow

Net cash inflow of £2.7m (2015: £2.3m) was generated by the Group's operating activities during the year.

Cash and investment policy

Cash held within the Group decreased by £1.0m from £5.1m to £4.1m, while the value of investments increased by £0.2m from £18.5m to £18.7m. There are no restrictions on the Charity's power to invest, and the investment policy of the Institution is to seek the maximum return over the medium term having due regard to risk. The Institution is active in ensuring that a socially responsible and ethical approach is followed by the investment management funds through which monies are invested, either requiring managers to be signatories to the UN's Principles for Responsible Investment (UNPRI) or by ensuring their approach is consistent and compatible with UNPRI. Investments are allocated to specific funds within agreed asset allocation ranges, and their performance is regularly reviewed against appropriate benchmarks.

Reserves policy

ICE maintains reserves for the following reasons:

- The trading activities of TTL are cyclical and difficult to predict in the medium to long term. The Institution remains aware of the need to diversify its income streams and to minimize the extent to which TTL profits fund the core cost base of the Institution.
- ICE is exposed to a number of risks, which may interrupt income streams or require additional investment. Reserves are held for contingency purposes.
- Investment balances are subject to potentially adverse change should market conditions deteriorate.
- Pension liabilities could increase further as they are dependent on scheme investment performance, long term gilt rates, investment returns and mortality assumptions.
- Major long term investments are expected to be necessary in the coming years to ensure ICE responds to changes in its operating environment and remains relevant to the needs of society and of its members. Reserves are required for "step change" investments, where funding is expected to be in excess of cash generated through annual operations.

The Executive Board keeps under review the adequacy of free unallocated reserves. This includes unrestricted funds before any FRS102 pension liability, reduced by the net book value of fixed assets on the basis such assets support the charity's activities and cannot readily be converted to cash. The resultant Council policy is to build up free unallocated reserves to the equivalent of three to six months of operating expenditure with a current target of four months, being £10m. This figure reflects the best estimate of what is required to be set aside for the risks and future investment needs outlined above.

In 2016 total ICE funds amounted to £50.9m (2015: £51.4m).

Of these total funds, free unallocated reserves stood at £8.0m, a decrease of £2.4m. This was mainly due to the high capital expenditure in the year, principally the refurbishment and upgrade of ICE's headquarters, One Great George Street. While reserves currently stand at c£2m below the Council target of £10m, it is Council's expectation that the continued strong underlying performance of ICE membership and TTL trading profits will enable reserves to be re-built to the target level by 2019.

The breakdown of free unallocated reserves is shown below:

	<u>2016</u> <u>£000s</u>	<u>2015</u> <u>£000s</u>
Unrestricted income funds (excl Pension reserve)	46,625	44,577
Less: Tangible fixed assets	(29,144)	(25,139)
Less: Intangible assets	(606)	(425)
Less: Heritage assets	(7,420)	(7,419)
Free unallocated reserves – before designations	9,455	11,594
Less: Kenneth Watson legacy – Quest	(389)	(368)
Less: Hewson legacy- Shaping The World	(1,062)	(848)
Free unallocated reserves – after designations	8,004	10,378

In terms of the designated funds, the Kenneth Watson legacy is used to fund travel awards for young engineering scholars. At current estimation, it will be able to continue to award grants for at least another 20 years. The Hewson legacy fund is committed against the future depreciation of the One Great George Street Infrastructure Learning Hub, which was developed in 2016.

ICE is also mindful of the necessity of maintaining adequate liquidity and therefore maintains a liquidity policy of ensuring freely available cash and investment balances do not fall below £6.0m. At 31 December 2016 they stood at £18.7m (2015: £18.5m).

Pay Policy for Senior Staff

Council members and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Group on a day to day basis. All Council members give their time freely and no Council member received remuneration in the year. Details of Council member's expenses and related party transactions are disclosed in notes 9 and 10 to the accounts.

The remuneration of senior management at director level and above is reviewed and approved annually by the ICE Group Remuneration Committee. This Committee is chaired by a recent Past President. The Committee ensures arrangements are affordable and fair, and designed to motivate and reward performance in the interest of the ICE Group. Remuneration is benchmarked periodically using external surveys and data which include both commercial and not for profit organisations.

Risk management

Risk management is embedded within the Group. Risk registers are regularly updated by the Directors, and reviewed by the Audit Committee. Risks are categorized between (i) External, (ii) Strategic, and (iii) Preventable. The top risks within each category are summarized in the table below, together with high-level outlines of plans to manage those risks:

Risk Description	Risk Management – plans in place
<u>External Risks</u> (a) Economic Downturn (b) Natural Disaster	Business continuity planning / testing, insurance cover, re-investment in TTL product & service portfolio, 3 year business plan which includes conservative spending plans to ensure re-building of financial reserves.
<u>Strategic Risks</u> (a) Loss of reputation through declining relevance (b) Reduction in membership (c) Failure to deliver charitable / charter requirements	Investment in a series of initiatives to broaden ICE's appeal to existing and new members as well as other stakeholders. Examples include new Associate Member grade, ICE Thinks web based knowledge portal, National Needs Assessment publication and follow-up events, Academic Partnerships with employers, international expansion focusing in 2017-18 on Gulf region
<u>Preventable Risks</u> (a) Volunteer capacity (b) Public Safety (c) Data protection (d) Cyber security (e) Staff Engagement	All preventable risks are allocated to the responsibility of a Staff Director with action plans for maintaining existing standards and reporting to Audit Committee where appropriate. Ongoing training of staff and volunteers is key and e-learning programs are being deployed to increase the regularity and effectiveness of training. In 2017, five additional staff are being recruited to membership development teams to mitigate all five risks as described to the left.

The action plans identified through the risk register compilation and review process are included in the Institution's annual business planning and budgeting cycle and in the individual objectives for managers and staff.

Audit Committee

The Audit Committee met regularly throughout the year to review the management of risk and to assess the overall risk profile of the Institution. Based on this ongoing review, the Committee maintained its regular cycle of reviews and reports on selected internal control processes. The Audit Committee reports annually to Council with a summary of its work, highlighting the major risks, how they are managed and how their potential impact is managed and mitigated. During 2016, the Committee undertook reviews in the following areas:

- Statutory compliance: review of controls and procedures in place
- Relevance risk: review of plans and progress in ICE's 3 year plan
- Web project: update and review of major Programme to re-launch ice.org.uk
- OGGs Major capital works Programme: review of progress, management and outcomes

Members

The role played by our members, who so generously volunteer their time to serve the Institution, cannot be overestimated. Their expertise is vital across a number of charitable activities, including (i) the professional review process by which individuals are assessed for qualification to membership, and (ii) acting as STEM (Science, Technology, Engineering, and Mathematics) ambassadors to schools. It is estimated that over 10,000 members volunteer their time each year.

Council is grateful for the contributions of members and recognizes that without their efforts there could be no Institution.

Related parties and connected organizations

Subsidiary undertaking:

As detailed in previous sections, the ICE has one fully owned subsidiary undertaking, Thomas Telford Limited, which donates its profits to the ICE. This is then used to support charitable activities.

Other connected organisations

The ICE works with a number of charitable organisations in pursuit of its charitable objectives, including the Benevolent Fund of the Institution of Civil Engineers.

Auditors

BDO LLP offer themselves for reappointment as auditors at the Annual General Meeting.

Approved by the trustees and signed on their behalf on 25 April 2017 by:



Professor Tim Broyd
President

Statement of trustees' responsibilities

For the year ended 31 December 2016

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

Charity law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and parent charity and of the incoming resources and application of resources of the group for the year. In preparing those financial statements the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and accounting estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 and regulations made thereunder. They are also responsible for safeguarding the assets of the group and parent charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditor's report to the trustees of the Institution of Civil Engineers

For the year ended 31 December 2016

We have audited the financial statements of Institution of Civil Engineers for the year ended 31 December 2016 which comprise the consolidated and parent charity statement of financial activities, the consolidated and parent charity balance sheet, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with the Charities Act 2011 and Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 December 2016 and of the group's and parent charity's income and application of resources, including the 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 Charities Act 2011 and Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 and Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



BDO LLP

Statutory auditor
London, United Kingdom

27 April 2017

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of financial activities

For the year ended 31 December 2016

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowed Funds £000	Total 2016 £000	Total 2015 £000
Income						
Voluntary income						
Donations, legacy and similar income	1	188	833	-	1,021	1,242
Income from charitable activities						
Subscriptions and other income	5	15,200	-	-	15,200	14,848
Income from other trading activities						
Trading activities	2	14,130	-	-	14,130	15,422
Investment income	4	322	94	-	416	439
Other income	3	11	-	-	11	1,289
Total income		29,851	927	-	30,778	33,240
Expenditure						
Costs of raising funds						
Fundraising activities		139	-	-	139	134
Trading activities	2	11,363	-	-	11,363	12,498
Investment management costs		96	37	-	133	142
		11,598	37	-	11,635	12,774
Net income available for charitable purposes		18,253	890	-	19,143	20,466
Charitable activities						
Qualification	6	9,464	863	-	10,327	9,460
Knowledge and Professionalism	6	4,683	181	-	4,864	5,514
Informing Opinion	6	2,815	44	-	2,859	2,506
		16,962	1,088	-	18,050	17,480
Total expenditure		28,560	1,125	-	29,685	30,254
Gains and losses on investment assets						
Net investment gains	14	1,303	400	90	1,793	352
Net income/(expenditure) before other recognised gains and losses		2,594	202	90	2,886	3,338
Other recognised gains and (losses)						
Actuarial gains /(losses) on defined benefit pension scheme	20	(3,343)	-	-	(3,343)	1,537
Net movement in funds		(749)	202	90	(457)	4,875
Reconciliation of funds						
Total funds brought forward at 1 January		45,639	4,884	865	51,388	46,513
Total funds carried forward as at 31 December	22	44,890	5,086	955	50,931	51,388

All income and expenditure are derived from continuing activities.

There are no other recognised gains or losses other than those stated above.

An extended version of the consolidated statement of financial activities, with 2015 comparative split of funds, is presented in note 23 on page 46.

Charity statement of financial activities

For the year ended 31 December 2016

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowed Funds £000	Total 2016 £000	Unrestricted Funds £000	Restricted Funds £000	Endowed Funds £000	Total 2015 £000
Income									
Voluntary income									
Donations, legacy and similar income	1	188	833	-	1,021	39	1,203	-	1,242
Income from charitable activities									
Subscriptions and other income	5	15,200	-	-	15,200	14,848	-	-	14,848
Income from other trading activities									
Trading activities	2	1,710	-	-	1,710	2,045	-	-	2,045
Investment income									
	4	322	94	-	416	327	112	-	439
Other income									
	3	3,082	-	-	3,082	4,557	-	-	4,557
Total income		20,502	927	-	21,429	21,816	1,315	-	23,131
Expenditure									
Costs of raising funds									
Fundraising activities		139	-	-	139	134	-	-	134
Trading activities	2	2,010	-	-	2,010	2,389	-	-	2,389
Investment management costs		96	37	-	133	101	41	-	142
		2,245	37	-	2,282	2,624	41	-	2,665
Net income available for charitable purposes		18,257	890	-	19,147	19,192	1,274	-	20,466
Charitable activities									
Qualification	6	9,464	863	-	10,327	8,396	1,064	-	9,460
Knowledge and Professionalism	6	4,683	181	-	4,864	5,320	194	-	5,514
Informing Opinion	6	2,815	44	-	2,859	2,491	15	-	2,506
		16,962	1,088	-	18,050	16,207	1,273	-	17,480
Total expenditure		19,207	1,125	-	20,332	18,831	1,314	-	20,145
Gains and losses on investment assets									
Net investment gains	14	1,303	400	90	1,793	240	96	16	352
Net income before other recognised gains and losses		2,598	202	90	2,890	3,225	97	16	3,338
Other recognised gains and (losses)									
Actuarial gains /(losses) on defined benefit pension scheme	20	(3,343)	-	-	(3,343)	1,537	-	-	1,537
Net movement in funds		(745)	202	90	(453)	4,762	97	16	4,875
Reconciliation of funds									
Total funds brought forward at 1 January		45,623	4,884	865	51,372	40,861	4,787	849	46,497
Total funds carried forward as at 31 December	22	44,878	5,086	955	50,919	45,623	4,884	865	51,372

All income and expenditure are derived from continuing activities.
There are no other recognised gains or losses other than those stated above.

Balance Sheets

at 31 December 2016

	Note	Group Total 2016 £000	Group Total 2015 £000	Charity Total 2016 £000	Charity Total 2015 £000
Fixed Assets					
Intangible assets	11	606	425	-	-
Tangible assets	12	29,144	25,139	29,017	25,070
Heritage assets	13	7,420	7,419	7,420	7,419
Investments	14	18,747	18,528	19,048	18,827
		55,917	51,511	55,485	51,316
Current Assets					
Stocks	15	301	294	-	-
Debtors	16	3,298	3,849	1,605	2,620
Cash at bank and in hand		4,106	5,089	3,434	4,077
		7,705	9,232	5,039	6,697
Creditors: amounts falling due within one year	17	(8,948)	(8,078)	(6,055)	(5,514)
Net current (liabilities)/ assets		(1,243)	1,154	(1,016)	1,183
Debtors: amounts falling due after one year	16	86	115	86	115
Creditors: amounts falling due after one year	17	(2,094)	(2,454)	(1,901)	(2,304)
Total net assets before pension scheme asset / (liability)		52,666	50,326	52,654	50,310
Defined benefit pension scheme asset / (liability)	20	(1,735)	1,062	(1,735)	1,062
Total net assets		50,931	51,388	50,919	51,372
The funds of the group					
Endowment funds		955	865	955	865
Restricted funds		5,086	4,884	5,086	4,884
Unrestricted income funds		46,625	44,577	46,613	44,561
Pension reserve		(1,735)	1,062	(1,735)	1,062
Total group funds	22	50,931	51,388	50,919	51,372

The accompanying accounting policies and notes form an integral part of these financial statements. The financial statements on pages 21 to 46 were approved by the trustees on 25 April 2017 and signed on their behalf by:



Professor Tim Broyd
President



Nick Baveystock
Director General and Secretary



Professor Lord Robert Mair CBE
Senior Vice President

Consolidated cash flow statement

For the year ended 31 December 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Net income/(expenditure) before other recognised gains and losses	2,886	3,338
Add / (Less):		
Depreciation charges tangible assets	1,003	1,153
Amortisation charges intangible assets	85	128
Decrease / (increase) in stock	(7)	18
(Increase) in debtors	551	(747)
(Increase) in non-current debtors	29	(115)
Increase/(decrease) in creditors	855	(312)
Increase in non-current creditors	41	78
Increase / (decrease) in pension liability operating movement	(545)	(472)
Write off book value of fixed assets disposed	5	48
Investment income	(416)	(439)
Investment gains	(1,793)	(352)
Net cash provided by operating activities	2,694	2,326
Cashflows from investment activities		
Dividends received from investments	359	387
Interest received	57	52
Proceeds from sale of investments	6,317	5,888
Purchase of investments	(4,724)	(5,892)
Decrease/(increase) in cash on deposit awaiting investment	(20)	(2)
Purchase of property, plant and equipment	(5,012)	(741)
Purchase of intangible assets	(266)	(238)
Net cash provided by (used in) investing activities	(3,289)	(538)
Cash flows from financing activities		
Repayment of borrowing	(388)	(378)
Net cash provided by (used in) financing activities	(388)	(378)
Change in cash and cash equivalents in the reporting period	(983)	1,410
Cash and cash equivalents at 1 January	5,089	3,679
Cash and cash equivalents at 31 December	4,106	5,089
Represented by		
Cash in hand	2,040	2,405
Short term deposits	2,066	2,684
Cash and cash equivalents at 31 December	4,106	5,089

Principal accounting policies

For the year ended 31 December 2016

Basis of preparation and assessment of going concern

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011. The statements have been prepared under the historical cost convention as modified by the inclusion of investments at market value. In preparing the separate financial statements of the parent charity, advantage has been taken of the following disclosure exemptions available in FRS102: no cash flow statement is presented for the charity and no disclosure has been given for the aggregate remuneration of the key management personnel of the parent charity as their remuneration is included in the totals for the group as a whole.

The charity constitutes a public benefit entity as defined by FRS 102. The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The principal accounting policies adopted by the charity are set out below:

Group financial statements

These financial statements consolidate the results of the charity and its wholly owned trading subsidiary, Thomas Telford Limited, on a line by line basis.

Funds accounting

Unrestricted funds are reserves which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for specific purposes. Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. Restricted reserves are funds which are allocated by the donor for specific purposes. Endowment funds are assets which must be held permanently by the charity but income arising from the assets may be expended.

A description of the funds in existence during the year is included in note 22 to the accounts on pages 43 to 45.

Income

The following accounting policies are applied to income:

Donations

Income from donations is included when the conditions for receipt have been met and there is a probable assurance of receipt. When donors specify that donations are for a particular restricted purpose which do not amount to preconditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

Member subscriptions

Income from member subscriptions is allocated to the year to which it relates, with payments received in advance held as deferred income.

Legacies

Legacies are included when the Institution is advised by the probate representative of an estate that there is entitlement, that payment will be made or property transferred and the amount involved can be quantified.

Investment income and interest

Investment income and interest are accounted for when receivable.

Trading activities

Turnover arises from publishing, recruitment, catering, room hire and training. Turnover is recognised when the event, product or service has been delivered and the company has fulfilled its contractual obligations. It excludes value added tax and trade discounts. Income from journal subscriptions and event bookings is allocated to the year to which it relates, with payments received in advance held as deferred income.

Expenditure

Expenditure is included in the statement of financial activities on an accruals basis, inclusive of any VAT which cannot be recovered. Expenditure is allocated on the bases indicated below.

Cost of raising funds

Cost of raising funds comprises the costs of fundraising activities, commercial trading activities and investment management fees.

Charitable activities

Charitable activities are those directly related to the objects of the charity and are reflected in these accounts under three main headings.

- Qualification
- Knowledge & Professionalism
- Informing Opinion

Support costs

Overhead costs include property costs, HR, finance, IT and other administrative and governance costs associated with supporting the charitable activities. They have been allocated to the cost of charitable activities on a basis consistent with the use of resources using appropriate measures such as headcount and floor area. The basis of the cost allocation has been explained in the notes to the accounts.

Pension costs

The expected costs of providing pensions under the defined benefit pension scheme are calculated periodically by the scheme actuary and charged to the Statement of Financial Activities so as to spread the cost over the service lives of employees. The costs of the group personal pension scheme are charged as incurred.

Taxation

The Institution of Civil Engineers is a registered charity and accordingly is exempt from taxation on its charitable activities which fall within the scope of Part 11 of the Corporation Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992. No tax liability, current or deferred, arose in respect of the charity during the year.

Leases

Payments made under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

Fixed asset investments

Fixed asset investments are included at market value at the balance sheet date. Any gain/(loss) on revaluation is credited/(charged) to the Statement of Financial Activities.

Group investments

Investments in subsidiary companies are included at cost less any provision for impairment.

Tangible fixed assets

Freehold and long leasehold properties are capitalised at historical cost. Capital items having a cost of less than £5k are written off in the year in which the expenditure is incurred. The values of the buildings are informally monitored by the trustees on a regular basis in order to identify any permanent diminution in value which, where applicable, is charged to the Statement of Financial Activities. Depreciation is charged on freehold refurbishment costs to write off the cost over the anticipated economic life.

No depreciation is charged on the assets under construction until they are brought into service.

The annual rates of depreciation used to write off the cost of tangible fixed assets in equal instalments over their expected useful lives are as follows:

Freehold property	2% per annum
Improvements to freehold property	2.5% to 10% per annum
Long leasehold property	2% per annum
Furniture, fixtures and equipment	5% to 20% per annum

Intangible Assets

Software acquired from third parties and capitalised at historical cost. Capital items having a cost of less than £5k are written off in the year in which the expenditure is incurred. Depreciation is charged to write off the cost over the anticipated economic life. No depreciation is charged on the software until the asset is brought into service. The annual rate of depreciation used to write off the cost of intangible assets in equal instalments over their expected useful lives is 14% to 20% per annum.

Heritage Assets

The Institution holds a collection of heritage assets relating to the history of the Institution itself and the wider history of civil engineering. The collection is in three main categories.

- Printed works: The Library contains over 140,000 titles of which 3,320 are dated pre 1840, a recognised definition for a rare book. In addition the collection includes manuscripts, original drawings, engravings and photographs of or by eminent civil engineers. This collection has been designated as being of 'national significance' by the MLA (now Arts Council England) in 2009.
- Pictures: The Institution displays the world's finest collection of engineering portraits and other engineering related subjects, over 250 in number.
- Other artefacts: This collection of approximately 200 items includes fine furniture, decorative art and silver, mostly donated by distinguished past members, and with a civil engineering association. We also act as custodians for the Smeatonian Society of Civil Engineers small collection.

The pictures and other artefacts were valued by item by Bonhams, a respected valuer (for insurance purposes) in January 2010 and are included on the Balance Sheet, at the values shown in Note 13. The rare books and certain of the manuscripts, original drawings, engravings and photographs of or by eminent civil engineers, referred to above, have been valued with reference to auction prices and book seller catalogues and have been included within the Balance Sheet, at the values shown in Note 13. Council consider that the above methods of valuation constitute appropriate and relevant bases for valuation. The more recent books do not meet the definition of Heritage Assets.

Acquisitions to all these collections are made by purchase or donation. Purchases are recorded at cost and donations are recorded at an appropriate current value where available at the time of acquisition. The cost of obtaining an annual valuation outweighs the value of any resultant benefit. The Institution holds and retains these assets as a long term policy for use for its charitable purposes and does not therefore intend to dispose of such assets.

Any changes in value of the heritage assets capitalized will be (charged)/credited to the recognized gains and losses (as appropriate) within the Statement of Financial Activities. Such assets are not depreciated as they are deemed to have indeterminate lives. Expenditure which is required to preserve or prevent further deterioration of individual collection items is recognized in the Statement of Financial Activities when it is incurred.

Those assets stored in the Institution's archive or in display cabinets comply with BS 5454, "Recommendations for the storage and exhibition of archival documents". Among other things, it specifies temperature and humidity ranges for document storage, shelving schemes, and materials for document containers. The archive is protected by a gas fire suppression system.

Collections are managed and recorded in discrete databases and to the prevailing standard (UDC system for cataloguing of books and ISAD for the archive items).

The collection is accessible to the public on request with most of the pictures on display throughout the building.

Stocks

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

Holiday Pay Accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Notes to the financial statements

For the year ended 31 December 2016

1. Voluntary income

	Unrestricted funds £000s	Restricted funds £000s	Total 2016 £000s	Total 2015 £000s
Donations, legacy and similar income	188	833	1,021	1,242
	188	833	1,021	1,242

In 2016, £188k was received as unrestricted funds (2015 - £39k), while £833k was received as restricted funds (2015 - £1,203k). For more details on the uses of these funds, see note 22.

1a. Contingent Asset – Hewson Legacy

ICE is a co-beneficiary in the estate of a Mr RWJ Hewson. Interim distributions were received of £872k in 2013 and £188k in 2016. There are uncertainties as to the value of the estate in certain overseas jurisdictions, as well as the costs and process of administration to wind up the estate. Accordingly, as the amount and timing of any remaining distributions is uncertain, no additional income has been included in the 2016 financial statements.

2. Trading activities

Thomas Telford Limited (TTL), which is incorporated in the United Kingdom (company number 02556636), is a wholly-owned trading subsidiary of the charity and contributed £3.1m of its profits to the charity by Gift Aid. TTL's principal activities are the publication of learned society books and quality journals, the organisation of courses, provision of contracts and ancillary services, provision of meeting facilities and ancillary services, and the placement of engineers in both permanent and temporary positions

The charity's trading relates to the supply of conference facilities for the Institution and external bodies. The charity also makes a rental charge to its trading subsidiary for the use of part of the freehold premises at One Great George Street.

In 2016 and 2015, all trading income was unrestricted.

2a. Activities for raising funds

The main classes of business and their contribution to turnover and net incoming resources are:

	Turnover 2016 £000s	Turnover 2015 £000s	Trading result 2016 £000s	Trading result 2015 £000s
Publishing	7,713	7,639	2,934	2,776
Venue hire, catering and training	6,986	7,898	101	511
Recruitment and provision of temporary staff	421	805	14	(20)
Conferences and events	1,711	2,051	(306)	(343)
	16,831	18,393	2,743	2,924
Less intergroup trading	(2,701)	(2,971)	-	-
	14,130	15,422	2,743	2,924

The geographical markets supplied are as follows:

United Kingdom	11,329	12,826
Rest of the World	2,801	2,596
	14,130	15,422

2b. Costs of raising funds

	Direct Costs £000	Regional Costs £000	Allocated Costs £000s	Total 2016 £000s	Total 2015 £000s
Trading Activities	10,311	382	670	11,363	12,498

Notes to the financial statements

For the year ended 31 December 2016

2c. Group trading activities

A summary of the Group's trading results is shown below:

	ICE 2016 £000	TTL 2016 £000	Inter entity adj £000s	Total 2016 £000s	Total 2015 £000s
Turnover	1,691	15,117	(2,701)	14,107	15,422
Cost of sales and administrative expenses	(1,999)	(12,042)	2,701	(11,340)	(12,498)
Profit on ordinary activities before interest	(308)	3,075	-	2,767	2,924
Interest receivable / (payable)	(14)	14	-	-	-
Interest (payable) / receivable	18	(18)	-	-	-
Net result	(304)	3,071	-	2,767	2,924
Gift Aid	-	(3,071)	-	-	-
Retained in the subsidiary	n/a	-	n/a	-	-
Retained in the charity	(304)	n/a	-	2,767	2,924

Included in cost of sales and administrative expenses was **£5.3m** (2015: £5.4m) relating to staff costs. The sum of **£3.1m** (2015: £3.3m) was Gift Aided to the charity by Thomas Telford Limited.

3. Other income

	Unrestricted funds £000s	Restricted funds £000s	Total 2016 £000s	Total 2015 £000s
Sale of fixed assets – ICE Flat	-	-	-	1,146
Sale of investments – shares in CEEQUAL Ltd	-	-	-	143
Collaboration agreement BRE Global Ltd	11	-	11	-
Consolidated Subtotal – Other income	11	-	11	1,289
Trading subsidiary income	3,071	-	3,071	3,268
Charity Total – Other income	3,082	-	3,082	4,557

4. Investment income and interest

	Unrestricted funds £000s	Restricted funds £000s	Total 2016 £000s	Total 2015 £000s
Dividends from investments on recognised stock exchanges	269	90	359	387
Interest income	54	3	57	52
	323	93	416	439

In 2016, £323k was received as unrestricted funds (2015 - £327k), while £93k was received as restricted funds (2015 - £112k). For more details on the uses of these funds, see note 22.

Notes to the financial statements

For the year ended 31 December 2016

5. Income from charitable activities

	Qualification £000s	Knowledge & Professionalism £000s	Informing Opinion £000s	Total 2016 £000s	Total 2015 £000s
Annual subscriptions	12,170	-	-	12,170	11,992
Examinations and other training fees	1,568	-	-	1,568	1,508
Other income	624	649	189	1,462	1,348
	14,362	649	189	15,200	14,848
Geographical analysis of annual subscriptions					
United Kingdom				9,795	9,735
Rest of the World				2,375	2,257
				12,170	11,992

All income from charitable activities are unrestricted (2015 - all unrestricted)

6. Charitable activities

	Direct costs £000s	Regional direct costs £000s	Grant funding of activities £000s	Allocated costs £000s	Total 2016 £000s	Total 2015 £000s
Costs after allocation						
Qualification	3,946	2,265	863	3,253	10,327	9,460
Knowledge & Professionalism	2,220	1,018	180	1,446	4,864	5,514
Informing Opinion	1,474	554	44	787	2,859	2,506
	7,640	3,837	1,087	5,486	18,050	17,480

In 2016, £16.7m was funded from unrestricted funds (2015 - £16.2m), while £1.1m was funded from restricted funds (2015 - £1.1m). The governance costs, which are included within the allocated costs, for the year were £164k (2015: £184k).

6a. Charitable direct costs

	Qualification £000s	Knowledge & Professionalism £000s	Informing Opinion £000s	Total 2016 £000s	Total 2015 £000s
Staff costs	2,582	1,136	767	4,485	4,208
Other direct costs	1,364	1,084	707	3,155	3,374
	3,946	2,220	1,474	7,640	7,582

Notes to the financial statements

For the year ended 31 December 2016

6b. Regional costs

A significant part of ICE's activities are carried out in the 12 UK Regions and in 65 countries where ICE representatives are based. The income attributable to, and costs expended by the UK and international regions directly are summarised below:

UK Regions	Subscriptions £000s	Other income £000s	Total income £000s	Total expenditure £000s	Contrib/ Region £000s	Contrib/ member ⁽¹⁾ £s
East Midlands	490	87	577	164	413	154
East of England	794	80	874	180	694	156
London	1,374	414	1,788	294	1,494	204
North East	300	48	348	163	185	113
North West	932	121	1,053	234	819	164
Northern Ireland	266	125	391	244	147	106
Scotland	1,212	207	1,419	353	1,066	168
South East	1,681	231	1,912	233	1,679	182
South West	921	122	1,043	252	791	150
Wales	496	115	611	288	323	118
West Midlands	696	121	817	200	617	164
Yorks & Humber	633	96	729	183	546	158
UK Regional support	-	-	-	119	(119)	-
UK regions	9,795	1,767	11,562	2,907	8,655	163
Europe	244	23	267	118	149	91
Hong Kong	1,017	358	1,375	597	778	188
Asia Pacific	642	359	1,001	190	811	163
Middle East Africa & Americas	472	53	525	126	399	117
International Regional support	-	-	-	300	(300)	-
International regions	2,375	793	3,168	1,331	1,837	130
Total for 2016	12,170	2,560	14,730	4,238	10,492	156

⁽¹⁾ Contribution per member excludes student members.

The contribution per region represents the subscriptions, event and other income attributable to members in the respective region, less the direct costs of individual regional support teams and events. It does not include any allocation of centrally managed activities.

6c. Grant funding of activities

The number of individuals and organisations who received awards, prizes and scholarships:

	2016 No.	2015 No.
Research and Development Enabling Fund – individuals	3	3
Research and Development Enabling Fund – organisations	6	8
Queen's Jubilee Scholarship Trust - individuals	452	386
Trust Funds – individual awards and prizes	73	77
	534	474

Details of grants over £10k and representing over 70% of awards from the Research and Development Enabling Fund and included in Grant funding of activities in 2016 are as follows:

	£000s
Civil Engineering and the Historical Landscapes of Infrastructure in Bangalore, India (1837-2012) UCL	13
Geomechanical Effects on Hydraulically Induced Fracture, in a Shale, During Production – Uni of Salford	24
Correction for Dispersion in Measurements of Output from Close-in Explosions – Uni of Sheffield	25
Coastal Defences Assessment Using a New Geophysical Monitoring System – Strathclyde University	14

Notes to the financial statements

For the year ended 31 December 2016

6d. Support costs for allocation

	Premises costs £000s	IT costs £000s	Charity management costs £000s	Total 2016 £000s	Total 2015 £000s
Qualification	830	829	1,594	3,253	3,041
Knowledge & Professionalism	373	372	700	1,445	1,571
Informing Opinion	203	203	382	788	779
	1,406	1,404	2,676	5,486	5,391
Trading activities	140	140	389	669	879
	1,546	1,544	3,065	6,155	6,270

The methods used to apportion overheads are as follows:

Charity Management costs

		2016 £000s	2015 £000s
Finance	Headcount	1,041	893
Pension overhead	Employer's NI	103	117
HR	Headcount	328	448
Office of the Director General	Headcount	490	436
Council	Headcount	164	199
Depreciation and repairs	Estimated usage	938	1,061
		3,064	3,154
Premises costs	Headcount	1,547	1,641
IT costs	Headcount	1,544	1,475
		6,155	6,270

7. Net income/(expenditure)

This is stated after charging:

	Group 2016 £000s	Group 2015 £000s
Depreciation	1,088	1,281
Auditors' remuneration		
- Audit Services	32	35
- Tax Services	15	20
Investment management fees	133	142
Operating leases	19	17
Property leases	108	115

Notes to the financial statements

For the year ended 31 December 2016

8. Staff costs

The payroll costs for the year were as follows:	Group 2016 £000s	Group 2015 £000s
Wages and salaries	10,892	10,274
Social security costs	1,137	1,060
Pension costs	1,272	1,307
Temporary staff, recruitment and training	908	809
	14,209	13,450

Average number of UK employees of the group during the year:	Group 2016	Group 2015
Charitable activities	206	193
Trading activities	113	116
	319	309

The number of employees paid by the Group whose emoluments, excluding employer's pension contributions, exceeded £60,000 are analysed as follows:

	Group 2016	Group 2015
£60,000 - £70,000	18	16
£70,001 - £80,000	3	5
£80,001 - £90,000	6	3
£90,001 - £100,000	-	5
£100,001 - £110,000	2	1
£110,001 - £120,000	2	1
£120,001 - £130,000	1	1
£130,001 - £140,000	1	-
£140,001 - £150,000	-	-
£150,001 - £160,000	-	-
£160,001 - £170,000	1	1
£170,001 - £180,000	-	-
£180,001 - £190,000	-	1
£190,001 - £200,000	-	-
£200,001 - £210,000	1	-

Pension benefits are accruing for 12 employees as a result of the salary link in the defined benefit scheme for those in the bandings above £60k (2015:11). The scheme closed to future accrual in November 2010. Pension payments in respect of the relevant employees to the defined contribution scheme totalled £210k (2015: £147k).

During 2016, £229k (2015 - £119k) was paid out as redundancy or termination payments.

Key management personnel of six staff (2015: six), detailed within the Governance and management section on page 47, were paid benefits of £814k in the year (2015: £838k).

9. Trustee remuneration

None of the trustees receive any remuneration for their services as trustees of the charity. Details of travel and subsistence expenses reimbursed to or paid on behalf of Trustees, including overseas Presidential tours and participation in membership and learned society activity are summarised below.

	2016 £000s	2016 No.	2015 £000s	2015 No.
Expenses reimbursed to or paid on behalf of Trustees	107	47	135	44

Trustee liability insurance has been purchased by the charity at a cost of £6k (2015: £6k).

Notes to the financial statements

For the year ended 31 December 2016

10. Related parties

The following payments, which have been made on an arm's length basis and in accordance with Charity Commission guidance (CC11), have been made to Trustees or parties related to them in respect of services to ICE.

Trustee	Recipient	Nature of payment	2016 £000s	2015 £000s
E McCann	Think Up Ltd - (Director)	R&D Fund - Eng Mastermind online platform	3	-
E McCann	Think Up Ltd - (Director)	R&D Fund - Workshed Development	5	-
E McCann	Expedition Engineering – (Director)	R&D Fund – Adaptive Building Structures	-	5
E McCann	Useful Simple Projects – (Director)	R&D Fund: Material Performance Videos	-	10

Council members donated in aggregate £647 to ICE and ICE Benevolent Fund in the year.

11. Intangible assets – group only

	Total 2016 £000s
Cost / Valuation	
At 1 January 2016	961
Additions	266
Disposals	-
At 31 December 2016	1,227
Amortisation	
At 1 January 2016	536
Provided during the year	85
Disposals	-
At 31 December 2016	621
Net book value at 31 December 2016	606
Net book value at 31 December 2015	425

All intangible assets relate to computer software and licensed products.

Notes to the financial statements

For the year ended 31 December 2016

12. Tangible fixed assets

Tangible Fixed Assets - Group	Freehold property £000s	Long Leasehold Property £000s	Fixtures Fittings and Equipment £000s	Total 2016 £000s
Cost / Valuation				
At 1 January 2016	33,332	-	6,158	39,490
Additions	3,617	-	1,395	5,012
Disposals	(592)	-	(597)	(1,189)
At 31 December 2016	36,357	-	6,956	43,313
Depreciation				
At 1 January 2016	9,291	-	5,060	14,351
Provided during the year	659	-	344	1,003
Disposals	(592)	-	(593)	(1,185)
At 31 December 2016	9,358	-	4,811	14,169
Net book value at 31 December 2016	26,999	-	2,145	29,144
Net book value at 31 December 2015	24,041	-	1,098	25,139

All Group assets are used in support of charitable or trading activities. Freehold property includes two assets. The Institution's headquarters at One Great George Street, which is shown at historical cost of £17.5m. In 2015 and 2016, a major refurbishment project was carried out on the building at a total cost of £5.6m. There is no reasonable likelihood that it will be considered for sale in the foreseeable future.

Included within additions for Fixtures, Fittings and Equipment are assets under the course of construction at a total cost of £0.1m

The Trustees consider that the market values of the respective properties are not less than the carrying values included above.

Tangible Fixed Assets - Charity	Freehold property £000s	Long Leasehold Property £000s	Fixtures Fittings and Equipment £000s	Total 2016 £000s
Cost / Valuation				
At 1 January 2016	33,332	-	5,651	38,983
Additions	3,617	-	1,312	4,929
Disposals	(592)	-	(569)	(1,161)
At 31 December 2016	36,357	-	6,394	42,751
Depreciation				
At 1 January 2016	9,291	-	4,622	13,913
Provided during the year	659	-	321	980
Disposals	(592)	-	(567)	(1,159)
At 31 December 2016	9,358	-	4,376	13,734
Net book value at 31 December 2016	26,999	-	2,018	29,017
Net book value at 31 December 2015	24,041	-	1,029	25,070

Notes to the financial statements

For the year ended 31 December 2016

13. Heritage Assets

	Group 2016 £000s	Group 2015 £000s	Group 2014 £000s	Group 2013 £000s
Items included at value at 1 January	7,419	7,419	7,419	7,329
Additions	1	-	-	-
Donations	-	-	-	90
Valuation at 31 December	7,420	7,419	7,419	7,419
Printed works	2,503	2,503	2,503	2,503
Pictures	2,734	2,734	2,734	2,734
Other artefacts	2,183	2,182	2,182	2,182
	7,420	7,419	7,419	7,419

The printed works, as described in the accounting policy, were valued at 2011 utilising in-house expertise with reference to auction prices and bookseller catalogues. The pictures and other artefacts were valued in January 2010 by Bonhams. The Trustees consider there to be no material impairment on the present market values / replacement values compared to those stated. Approximately £13k per annum is spent on conservation of the Heritage Assets.

The heritage assets were brought into the financial statements in 2011. Other than those donations shown above, there have been no other additions or disposals.

14. Fixed asset investments

	Group 2016 £000s	Group 2015 £000s	Charity 2016 £000s	Charity 2015 £000s
Listed investments	18,747	18,528	18,747	18,526
Investments in subsidiary	-	-	301	301
	18,747	18,528	19,048	18,827
Investments in subsidiary comprise:				
Investments at cost in subsidiaries	-	-	1	1
Long term loans to subsidiaries	-	-	300	300
	-	-	301	301

Notes to the financial statements

For the year ended 31 December 2016

14. Fixed asset investments (cont.)

Listed investments

	Group and Charity	
	2016	2015
	£000s	£000s
Market value as at 1 January	18,528	18,170
Acquisitions at cost	4,724	5,892
Sales proceeds	(6,318)	(5,888)
Net movement in cash balance	20	2
Net investment gains	1,793	352
Listed investments at market value at 31 December	18,747	18,528
Historical cost at 31 December	16,822	18,257
Unrealised investment gains	1,925	271

An analysis of the market value of quoted Investments at 31 December 2016 is as follows:

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2016
	£000s	£000s	£000s	£000s
Fixed interest	2,058	667	149	2,874
UK equities	1,514	492	110	2,116
Overseas equities	6,106	1,895	443	8,444
Alternative investments	2,488	858	165	3,511
Property	1,115	425	78	1,618
Cash funds/cash on deposit awaiting investment	122	52	10	184
	13,403	4,389	955	18,747

Individual investments held at 31 December 2016 representing more than 5% of the above portfolio were:

	£'000s
HSBC ETFs Plc S&P 500 UCITS ETF	1,835
Maitland Institutional Services Ltd MI Somerset EMG	1,154
Majedie Asset Management Ltd UK Equity Fundclass x income	1,106
Artemis Fund Managers US Select Fund Instl GBP inc	1,059
Capita Financial Managers Trojan income o inc nav	1,010
Blackrock Fund Managers Ltd Continental European Eqty tracker d acc	998
Aberdeen Fund Managers Ltd Asia Pacific Equity inc nav	981
M&G Securities Limited M&G Global Macro Bond inc	967
M&G Securities Limited Property Portfolio i inc	938

Investments in subsidiary

At 31 December 2016, the charity owned the entire issued share capital of 502 ordinary shares of £1 each in Thomas Telford Limited. The trading results are set out in note 2. At 31 December 2016 the aggregate amount of TTL's assets, liabilities, share capital and reserves was:

	TTL 2016	TTL 2015
	£000s	£000s
Fixed assets	732	494
Current assets	3,423	2,984
Current and non-current liabilities	(3,839)	(3,162)
	316	316

In addition to the above, there is a long term loan of £300k from the charity (Parent Undertaking). This loan is repayable on one year's notice and is secured by debenture over the assets of the subsidiary. The interest payable to the charity is calculated quarterly at the daily bank rate ruling during the quarter or 6% whichever is greater.

Notes to the financial statements

For the year ended 31 December 2016

15. Stocks

	Group 2016 £000s	Group 2015 £000s	Charity 2016 £000s	Charity 2015 £000s
Raw materials and consumables	33	28	-	-
Finished goods and good for resale	268	266	-	-
	301	294	-	-

16. Debtors

Amounts falling due within one year

	Group 2016 £000s	Group 2015 £000s	Charity 2016 £000s	Charity 2015 £000s
Trade debtors	2,015	1,826	475	739
Other debtors	504	1,328	480	1,321
Prepayments and accrued income	779	695	650	560
	3,298	3,849	1,605	2,620

Amounts falling due after one year

	Group 2016 £000s	Group 2015 £000s	Charity 2016 £000s	Charity 2015 £000s
Due from sale of Investment (BRE Global Ltd)	86	115	86	115

17. Creditors

Amounts falling due within one year

	Group 2016 £000s	Group 2015 £000s	Charity 2016 £000s	Charity 2015 £000s
Trade creditors	1,101	1,125	618	495
Amounts due to subsidiary undertakings	-	-	601	539
Taxation and social security	341	439	341	439
Other creditors	529	464	394	351
Accruals	1,254	1,024	936	680
Deferred income	5,320	4,638	2,762	2,622
Loan falling due within one year	403	388	403	388
	8,948	8,078	6,055	5,514

	Group 2016 £000s	Group 2015 £000s	Charity 2016 £000s	Charity 2015 £000s
Deferred Income				
Balance at 1 January	4,638	4,640	2,622	2,316
Amount released to incoming resources	(4,638)	(4,640)	(2,622)	(2,316)
Amount deferred in the year	5,320	4,638	2,762	2,622
Balance at 31 December	5,320	4,638	2,762	2,622

Deferred income includes membership subscriptions and magazine subscriptions received in advance.

Notes to the financial statements

For the year ended 31 December 2016

17. Creditors (cont.)

Amounts falling due after one year	Group 2016 £000s	Group 2015 £000s	Charity 2016 £000s	Charity 2015 £000s
Deferred income	193	152	-	-
Loan falling due after one year	1,901	2,302	1,901	2,302
	2,094	2,454	1,901	2,302

The loan is repayable as follows:

	Group 2016 £000s	Group 2015 £000s	Charity 2016 £000s	Charity 2015 £000s
Within one year	399	388	399	388
Between two and five years	1,713	1,667	1,713	1,667
After five years	189	636	189	636
	2,301	2,691	2,301	2,691

In December 2010, Council approved a loan for £4.0m with HSBC Bank plc for the refurbishment of Eight Storey's Gate. The term of the loan is eleven years to be repaid in equal monthly instalments until May 2022. Interest is incurred at 2.25% over the Bank of England Sterling Base Rate. Repayments of £38k inclusive of interest commenced in June 2012. The loan is secured by a first charge on the Institution's One Great George Street property and is fully drawn.

18. Operating lease commitments

Minimum lease payments under non-cancellable operating leases for photocopiers and office rental which expire:

	Group 2016 Other £000	Group 2016 Land/ Buildings £000	Group 2015 Other £000	Group 2015 Land/ Buildings £000
Within one year	19	86	19	92
Between one and two years	9	27	17	65
Between two and five years	-	83	9	28
	28	196	45	185

At 31 December 2016 the company had total commitments under operating leases of £0.2m.

19. Commitments and contingencies

There were no contingencies at 31 December 2016 or 31 December 2015.

Capital commitments by the Group, contracted or authorised at 31 December 2016 were £494k (2015: £3,789k).

20. Pension Schemes

Defined benefit pension schemes

Benefits under the defined benefit pension scheme, which closed to new members in February 2002, are based on employees' final remuneration and length of service. The scheme closed to future service accrual on 30 November 2010. The pension expense charged to the Statement of Financial Activities makes no allowance for actuarial gains and losses during the year. Actuarial gains and losses are recognised separately in the Statement of Financial Activities in the year in which they occur.

	2016 £000	2015 £000
Components of pension cost		
Net Interest (income)/cost	(49)	24
Administration cost	2	2
Total pension (income)/charge recognised in the Statement of Financial Activities	(47)	26
Actuarial (gains) / losses immediately recognised	3,343	(1,537)
Amounts recognised in the balance sheet		
Present value of funded obligation	(48,732)	(39,488)
Fair value of plan assets	46,997	40,550
Pension scheme asset / (liability)	(1,735)	1,062
Change in benefit obligation		
Benefit obligation at 1 January	39,488	41,727
Interest cost	1,467	1,396
Actuarial (gains) / losses	9,580	(2,298)
Benefits paid	(1,803)	(1,337)
Benefit obligation at 31 December	48,732	39,488
Change in plan assets		
Fair value of plan assets at 1 January	40,549	40,778
Interest on assets	1,516	1,372
Actuarial gains / (losses)	6,237	(761)
Employer contributions	500	500
Administration costs	(2)	(2)
Benefits paid	(1,803)	(1,337)
Fair value of plan assets at 31 December	46,997	40,550
Actual return on plan assets	7,711	611
Funded status and net amount recognised	(1,735)	1,062

The most recent triennial actuarial valuation as at 31 December 2013 showed a deficit of £2.3m. A triennial actuarial valuation is being conducted as at 31 December 2016 but has not yet been finalised at the date of this report.

Notes to the financial statements

For the year ended 31 December 2016

20. Pension Schemes (cont.)

Fund assets

The weighted average asset allocation at the year-end was as follows

Asset Category	-----Plan assets-----	
	2016	2015
Equities	41.3%	41.7%
Govt Bonds	45.2%	43.5%
Diversified Growth	13.1%	14.2%
Cash	0.4%	0.6%
	100.0%	100.0%

Principal Actuarial Assumptions

	2016	2015
	£000	£000
Discount rate	2.8%	3.8%
Inflation (RPI)	3.6%	3.3%
Inflation (CPI)	2.8%	2.5%
Salary increases	3.3%	3.0%
Pension increases – RPI capped at 5%	3.5%	3.3%
Pension increases – RPI capped at 5% with 3% floor	3.7%	3.5%
Mortality table	S1NA series	
Mortality adjustments	85% loading to table	
Mortality improvements	CMI 2013 (1.25%pa)	
Commutation	20% of total pension	
Life expectancy at age 65 of male aged 65	23.8	23.7
Life expectancy at age 65 of male aged 45	25.6	25.5

Five year history

	2016	2015	2014	2013	2012
	£000	£000	£000	£000	£000
Benefit obligation at 31 December	46,997	40,550	40,778	35,984	31,485
Fair value of plan assets at 31 December	48,732	39,488	41,727	37,632	37,353
Asset / (Deficit)	(1,735)	1,062	(949)	(1,648)	(5,868)

Contributions

The Institution contributed £0.5m to the scheme in the year to 31 December 2016. Contributions to be paid to the scheme during the annual period beginning after the reporting period are expected to be £0.5m. In addition, administrative and other expenses of the Scheme and the Pension Protection Fund levy are payable separately by the Institution.

Group Personal Pension

The GPP was introduced for employees on 1 October 2010 with members of the defined contribution scheme joining on this date and members of the defined benefit scheme joining on 1 December following closure to future accrual of that scheme. The pension cost for this scheme for 2016 was **£1.3m** (2015: £1.3m).

Notes to the financial statements

For the year ended 31 December 2016

21. Analysis of Group net assets between funds

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2016 £000
Fixed assets	36,622	548	-	37,170
Investments	13,789	4,003	955	18,747
Current assets	7,170	535	-	7,705
Non-current assets	86	-	-	86
Creditors: amounts falling due within one year	(8,948)	-	-	(8,948)
Creditors: amounts falling due after one year	(2,094)	-	-	(2,094)
Defined benefit pension scheme liability	(1,735)	-	-	(1,735)
Total net assets	44,890	5,086	955	50,931

Analysis of Group net assets – previous year

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2015 £000
Fixed assets	32,983	-	-	32,983
Investments	13,558	4,105	865	18,528
Current assets	8,453	779	-	9,232
Non-current assets	115	-	-	115
Creditors: amounts falling due within one year	(8,078)	-	-	(8,078)
Creditors: amounts falling due after one year	(2,454)	-	-	(2,454)
Defined benefit pension scheme liability	1,062	-	-	1,062
Total net assets	45,639	4,884	865	51,388

Notes to the financial statements

For the year ended 31 December 2016

22. Reserves

Group:

	Balance 1 Jan 2016 £000	Incoming Resources £000	Resources Expended £000	Transfers £000	Gains / (Losses) £000	Balance 31 Dec 2016 £000
Unrestricted funds						
General fund	43,361	29,767	(28,524)	(728)	1,296	45,172
Designated funds						
Kenneth Watson Travel Award (Quest)	368	37	(22)	-	7	390
Shaping the World	-	-	-	228	-	228
Shaping the World – capital appeal	848	-	(14)	-	-	834
Pension reserve	1,062	47	-	500	(3,343)	(1,734)
	45,639	29,851	(28,560)	-	(2,040)	44,890
Restricted funds						
Shaping the World	102	20	(48)	-	-	74
Shaping the World – capital appeal	105	201	(12)	-	-	294
Into Civil Engineering	221	11	(28)	-	-	204
Research and Development Enabling fund	431	130	(90)	-	-	471
Innovation and Research Focus	28	-	-	-	-	28
Queen's Jubilee Scholarship Trust (Quest)	3,329	495	(877)	-	337	3,284
Trust funds	668	29	(29)	-	63	731
EngTechNow	-	41	(41)	-	-	-
	4,884	927	(1,125)	-	400	5,086
Endowment funds						
Trust funds	865	-	-	-	90	955
	51,388	30,778	(29,685)	-	(1,550)	50,931

Charity:

	Balance 1 Jan 2016 £000	Incoming Resources £000	Resources Expended £000	Transfers £000	Gains / (Losses) £000	Balance 31 Dec 2016 £000
Unrestricted funds						
General fund	43,345	20,418	(19,171)	(728)	1,296	45,160
Designated funds						
Kenneth Watson Travel Award (Quest)	368	37	(22)	-	7	390
Shaping the World	-	-	-	228	-	228
Shaping the World – capital appeal	848	-	(14)	-	-	834
Pension reserve	1,062	47	-	500	(3,343)	(1,734)
	45,623	20,502	(19,207)	-	(2,040)	44,878
Restricted funds						
Shaping the World	102	20	(48)	-	-	74
Shaping the World – capital appeal	105	201	(12)	-	-	294
Into Civil Engineering	221	11	(28)	-	-	204
Research and Development Enabling fund	431	130	(90)	-	-	471
Innovation and Research Focus	28	-	-	-	-	28
Queen's Jubilee Scholarship Trust (Quest)	3,329	495	(877)	-	337	3,284
Trust funds	668	29	(29)	-	63	731
EngTechNow	-	41	(41)	-	-	-
	4,884	927	(1,125)	-	400	5,086
Endowment funds						
Trust funds	865	-	-	-	90	955
	51,372	21,429	(20,332)	-	(1,550)	50,919

Notes to the financial statements

For the year ended 31 December 2016

22. Reserves (cont.)

Reserves – previous year

Group:

	Balance 1 Jan 2015 £000	Incoming Resources £000	Resources Expended £000	Transfers £000	Gains / (Losses) £000	Balance 31 Dec 2015 £000
Unrestricted funds						
General fund	40,591	31,917	(28,879)	(500)	232	43,361
Designated funds						
Kenneth Watson Travel Award (Quest)	374	8	(22)	-	8	368
Shaping the World	-	-	-	-	-	-
Shaping the World – capital appeal	861	-	(13)	-	-	848
Pension reserve	(949)	-	(26)	500	1,537	1,062
	40,877	31,925	(28,940)	-	1,777	45,639
Restricted funds						
Shaping the World	71	44	(13)	-	-	102
Shaping the World – capital appeal	-	105	-	-	-	105
Into Civil Engineering	-	240	(19)	-	-	221
Research and Development Enabling fund	437	130	(136)	-	-	431
Innovation and Research Focus	30	25	(27)	-	-	28
Queen's Jubilee Scholarship Trust (Quest)	3,598	532	(886)	-	85	3,329
Trust funds	651	31	(25)	-	11	668
EngTechNow	-	208	(208)	-	-	-
	4,787	1,315	(1,314)	-	96	4,884
Endowment funds						
Trust funds	849	-	-	-	16	865
	46,513	33,240	(30,254)	-	1,889	51,388

Charity:

	Balance 1 Jan 2015 £000	Incoming Resources £000	Resources Expended £000	Transfers £000	Gains / (Losses) £000	Balance 31 Dec 2015 £000
Unrestricted funds						
General fund	40,575	21,808	(18,770)	(500)	232	43,345
Designated funds						
Kenneth Watson Travel Award (Quest)	374	8	(22)	-	8	368
Shaping the World	-	-	-	-	-	-
Shaping the World – capital appeal	861	-	(13)	-	-	848
Pension reserve	(949)	-	(26)	500	1,537	1,062
	40,861	21,816	18,831	-	1,777	45,623
Restricted funds						
Shaping the World	71	44	(13)	-	-	102
Shaping the World – capital appeal	-	105	-	-	-	105
Into Civil Engineering	-	240	(19)	-	-	221
Research and Development Enabling fund	437	130	(136)	-	-	431
Innovation and Research Focus	30	25	(27)	-	-	28
Queen's Jubilee Scholarship Trust (Quest)	3,598	532	(886)	-	85	3,329
Trust funds	651	31	(25)	-	11	668
EngTechNow	-	208	(208)	-	-	-
	4,787	1,315	(1,314)	-	96	4,884
Endowment funds						
Trust funds	849	-	-	-	16	865
	46,497	23,131	(20,145)	-	1,889	51,372

Notes to the financial statements

For the year ended 31 December 2016

Unrestricted funds

The general fund totalling £45.2m represents that element of the reserves of the charity which have not been designated for any specific purpose. Within this amount, £16k is retained in Thomas Telford Limited.

Shaping the World funding consists of two elements, with both designated and restricted funding: Shaping the World and The Shaping The World capital appeal. The former Shaping the World fund balance at 31 December 2016 is uncommitted against future expenditure. The latter refers to a major capital project conducted on One Great George Street between 2015 and 2016, completed in October 2016. The designated and restricted funding element specifically refers to the costs incurred on the Infrastructure Learning Hub section of this project. Whilst funds for this were paid in 2015 and 2016, from an accounting stance the expense will be depreciated over the useful life of the works. As such, all remaining balances held at 31 December 2016 related to these funds are committed against this future depreciation expense of the fixed asset.

£872k was set aside in 2013 by the trustees as a designated fund to be applied to the Shaping The World capital appeal. This relates to a legacy donation from the estate of RJW Hewson. A further instalment of legacy donation from RJW Hewson was received, and designated to the Shaping The World appeal, in 2016 for £188k. During 2016 an additional £40k was designated to the Shaping The World appeal relating to the sale of CEEQUAL.

The table below summarises the two Shaping the World balances.

	Unrestricted - Designated £000s	Restricted £000s	Total £000s
Shaping the World	228	74	302
Shaping the World – capital appeal	834	294	1,128
	1,062	368	1,430

The Kenneth Watson Travel Award is part of the Quest awards for young engineering scholars. Transfers from the general fund into the pension reserve during the year reflect employer contributions to the defined benefit pension scheme of £0.5m (2015: £0.5m)

Restricted funds

The Research and Development Enabling fund was formed to support research and development by engineers and organisations outside the research field, to enable them to obtain funds from other sources. Contributions to Innovation and Research Focus are obtained from various organisations and used to produce a quarterly research newsletter which is distributed to all corporate members.

The purpose of the Queen’s Jubilee Scholarship Trust (QUEST) is to award scholarships to civil engineering students, or travel awards to enable members to participate in voluntary work overseas or professional development grants to enable members in mid-career to acquire new skills or knowledge.

EngTechNow was an initiative, sponsored by the Gatsby Foundation, to support the professional development of the engineering technicians.

Endowment funds

The Trust Funds comprise 41 separate funds created by trust deed at various times and their capital is permanent endowment. Prizes and awards for achievement in civil engineering are made from the investment income in accordance with the terms of each Trust Fund and accounted for within Restricted funds.

Notes to the financial statements

For the year ended 31 December 2016

23. Extended consolidated statement of financial activities

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowed Funds £000	Total 2016 £000	Unrestricted Funds £000	Restricted Funds £000	Endowed Funds £000	Total 2015 £000
Income									
Voluntary income									
Donations, legacy and similar income	1	188	833	-	1,021	39	1,203	-	1,242
Income from charitable activities									
Subscriptions and other income	5	15,200	-	-	15,200	14,848	-	-	14,848
Income from other trading activities									
Trading activities	2	14,130	-	-	14,130	15,422	-	-	15,422
Investment income									
	4	322	94	-	416	327	112	-	439
Other income									
	3	11	-	-	11	1,289	-	-	1,289
Total income		29,851	927	-	30,778	31,925	1,315	-	33,240
Expenditure									
Costs of raising funds									
Fundraising activities		139	-	-	139	134	-	-	134
Trading activities	2	11,363	-	-	11,363	12,498	-	-	12,498
Investment management costs		96	37	-	133	101	41	-	142
		11,598	37	-	11,635	12,733	41	-	12,774
Net income available for charitable purposes		18,253	890	-	19,143	19,192	1,274	-	20,466
Charitable activities									
Qualification	6	9,464	863	-	10,327	8,396	1,064	-	9,460
Knowledge and Professionalism	6	4,683	181	-	4,864	5,320	194	-	5,514
Informing Opinion	6	2,815	44	-	2,859	2,491	15	-	2,506
		16,962	1,088	-	18,050	16,207	1,273	-	17,480
Total expenditure		28,560	1,125	-	29,685	28,940	1,314	-	30,254
Gains and losses on investment assets									
Net investment gains	14	1,303	400	90	1,793	240	96	16	352
Net income before other recognised gains and losses		2,594	202	90	2,886	3,225	97	16	3,338
Other recognised gains and (losses)									
Actuarial gains /(losses) on defined benefit pension scheme	20	(3,343)	-	-	(3,343)	1,537	-	-	1,537
Net movement in funds		(749)	202	90	(457)	4,762	97	16	4,875
Reconciliation of funds									
Total funds brought forward at 1 January 2016		45,639	4,884	865	51,388	40,877	4,787	849	46,513
Total funds carried forward as at 31 December 2016	22	44,890	5,086	955	50,931	45,639	4,884	865	51,388

Governance and management

The ICE Council is the governing body of the Institution of Civil Engineers and comprises of the President, immediate Past President, seven Vice Presidents and 35 members covering all grades of membership elected by the wider ICE membership. The President is elected annually by Council and is a leading civil engineer. He or she represents the 'public face' of the profession, promoting civil engineering around the world, in particular in dealings with governments, decision-makers and the media.

Council currently meets four times a year to carry out its corporate governance responsibilities, to determine strategic direction and to set ICE policy in matters of education, training, qualification and knowledge. Detailed business, including financial matters and monitoring implementation of the business plan, is delegated to the Executive Board, chaired by the Senior Vice President. An advisory investment panel, reporting to Executive Board, oversees the appointment and performance tracking of the investment managers. Business risk and audit matters are delegated to an Audit Committee which reports directly to Council.

The Council and Executive Board are ultimately responsible for governing the Institution, with specific responsibilities delegated to the key standing committees (Membership, Learned Society, Regional Affairs, International and Public Voice Committees). The day-to-day operation is the responsibility of the Director General & Secretary.

Council members are the trustees of the Institution of Civil Engineers and are elected by members worldwide, usually for a period of three years. There are regional members for each of the twelve UK regions as well as Hong Kong, and there are members representing each of ICE's international areas: Europe & Central Asia, Asia Pacific, Middle East & Africa and the Americas.

To maintain continuity, a third of Council seats come up for election each year. All elected members work closely with the Director General & Secretary and other ICE directors and employees to develop and implement the business plan to ensure that ICE fulfils its public benefit role of promoting and disseminating civil engineering knowledge and expertise. All Council members are members of ICE and, as such, must comply with the ICE Code of Professional Conduct.

As part of their induction, new Council members are given the Council Governance Handbook. This contains the Royal Charter and By-laws, an outline of the role and procedures of the Council and the terms of reference of Council, Executive Board and other major committees. Trustees are also directed towards guidance and information about trusteeship which is available through the charity regulatory bodies (Charity Commission and Office of the Scottish Charity Regulator). Council members must ensure that they fully understand their responsibilities as trustees. Training to support them is provided.

Issues of particular concern to Graduate and Student members are the focus of the Graduate and Students' Network (GSNet), and there is a standing invitation for their chairman to attend ICE Council meetings.

Professional conduct matters

The Professional Conduct Panel (PCP) considers complaints against ICE members, and the Disciplinary Board adjudicates on cases referred to it by the PCP. The Disciplinary Board has powers to make orders against members found guilty of improper conduct which in the most serious cases may be expulsion from ICE membership.

Professional Conduct Panel

In 2016 the Professional Conduct Panel considered 14 complaints against members regarding their professional conduct. In 10 cases the member was able to answer allegations, and the complaint was dismissed. Two of the cases dismissed also included the member receiving advice from the Panel. 1 case has been carried forward to 2017 as it is under the further consideration of the Professional Conduct Panel.

In 1 case the panel found that the member appeared to have breached the rules of professional conduct, but not seriously enough to be referred to the Disciplinary Board. The member received advice from the Panel and was ordered to make a written apology. All these members were warned about their conduct. In 2 cases the apparent improper conduct was serious enough to be referred to the Disciplinary Board.

Disciplinary Board

The Disciplinary Board heard 3 cases in 2016, two of which were referred by the Professional Conduct Panel in 2015. In all three cases the members were found not guilty of improper conduct. A fourth complaint re-scheduled to be heard in February 2017 has been adjourned.

Appeal

A case heard by the Disciplinary Board in 2015 was successfully appealed at a CIC hearing in 2016 overturning the decision for the member to be severely reprimanded.

Reservoir Safety - Reservoirs Committee

During 2016, the ICE Reservoirs Committee dealt with 39 applications from civil engineers seeking appointment or reappointment to panels of engineers under the Reservoirs Act 1975 for the construction, inspection and supervision of large raised reservoirs in Great Britain. In 4 of these applications, the committee found that the applicants concerned were not qualified for appointment.

Governance and management (continued)

The trustees who are serving for the 2016-2017 Council session are:

President

Professor Tim Broyd

Immediate Past President

(President Nov 2015 - Nov 2016)
Sir John Armitt CBE

Senior Vice President

Professor Lord Robert Mair CBE

Vice Presidents

Kyle Clough
Zara Lamont OBE
Ed McCann
Rachel Skinner
Andrew Wolstenholme OBE
Andrew Wylie CBE

Members of Council

Regional representation in brackets

1 Zakiyya Adam
2 Jeffrey Ashurst
3 Steven Balliston
4 John Beck
5 Emily Bonner
6 Denise Bower
7 Norman Brent (South East England)
8 Richard Burleigh (Europe & C Asia)
9 David Caiden
10 Kate Cairns
11 Michael Chater (North East)
12 Jennifer Cooke
13 Gary Cutts (South West)
14 Teresa Frost
15 Richard Giffen (Americas)
16 David Goodliff (East of England)
17 Claire Greenwood (East Midlands)
18 Peter Hallsworth (North West)
19 Ronald Hunter (Scotland)
20 David Johns (West Midlands)
21 Damian Kilburn (Yorks & Humber)
22 Chi-ming Lee (Hong Kong)
23 Hylton Macdonald (M. East/Africa)
24 Andrew McNaughton
25 Emer Murnaghan
26 Yvonne Murphy
27 Geoffrey Ogden (Wales)
28 Claire Oliver (London)
29 David Porter (Northern Ireland)
30 Nicola Robins
31 Helen Samuels
32 Neil Sandberg
33 Jane Smallman
34 Gareth Walker
35 Timothy Warren (Asia Pacific exc. Hong Kong)

The following members of Council who served during 2016, retired from Council in November 2016:

David Balmforth (Past President)
Keith Clarke (Vice President)
Adrian Coy (Vice President)
Stephen Fox (Vice President)
Stephen Barker
Alan Bromage
Richard Dew
Claire Gott
Stephen Hague
Stephen Orr
Anusha Shah
Kenneth Smith

Management team

Nick Baveystock

Director General and Secretary

Chris Gibson

Executive Director Knowledge and
Managing Director Thomas Telford Limited

Nathan Baker

Director Engineering Knowledge

Sandy Pfeifer

Group Finance Director

Seán Harris

Director Membership

Andrew Crudgington

Director of External Affairs & Strategy

Principal Office

One Great George Street
Westminster
London
SW1P 3AA

t +44 (0) 20 7222 7722

f+44 (0) 20 7222 7500

Registered charity number 210252

Charity registered in Scotland
number SCO38629

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Bankers

HSBC Bank plc
Commercial Centre
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Solicitors

Bristows
100 Victoria Embankment
London
EC4Y 0DH

Radcliffes Le Brasseur
85 Fleet Street
London
EC4Y 1AE

Investment adviser

Mazars Financial Planning Ltd
Tower Bridge House
St. Katherine's Way
London E1Q 1DO