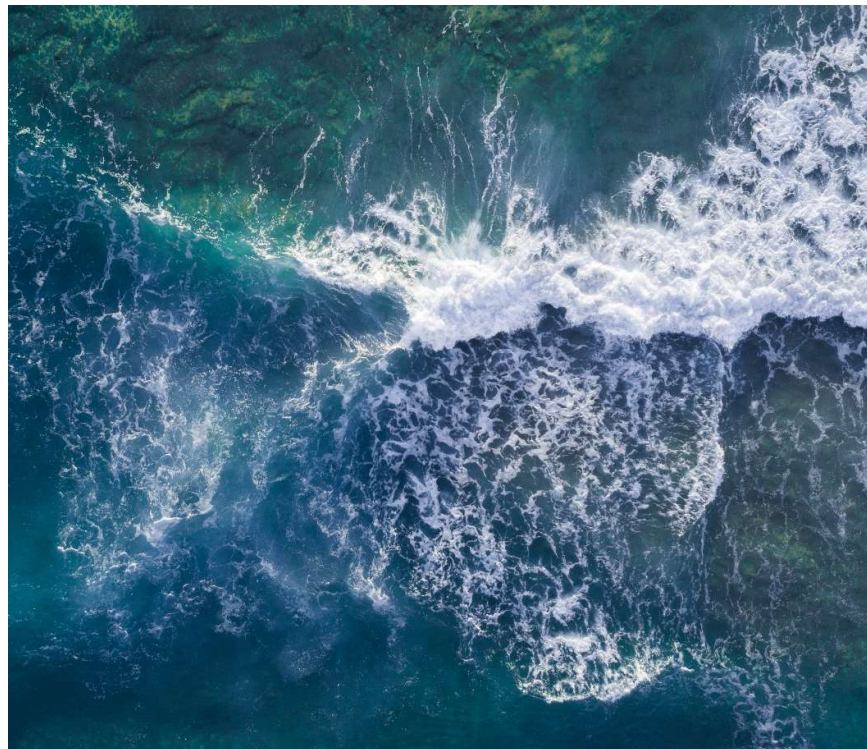




# Annual Report and Accounts 2022



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Registered Charity No. 212992 • Chief Executive: Gwynne Lewis • Founded 1889. Incorporated by Royal Charter 1933 • Licensed body of the Engineering Council (UK) and the Science Council  
AMERICAS • EUROPE • MIDDLE EAST & AFRICA • ASIA PACIFIC

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## About the IMarEST

### Background

The Institute of Marine Engineering, Science and Technology (IMarEST) is the international membership body and learned society for all marine professionals. The IMarEST is a registered charity and the first institute to bring together marine professionals from across the full spectrum of marine engineering, science and technology in a single international, multi-disciplinary professional body. The IMarEST is the largest marine organisation of its kind with a worldwide membership of circa 18,000 individuals based in over 120 countries.

### Charitable Purposes



#### ADVANCEMENT OF MARINE ENGINEERING, SCIENCE AND TECHNOLOGY

Advancing the understanding and practice of marine engineering, marine science and marine technology



#### EDUCATIONAL EXCELLENCE

Promoting educational excellence for marine professionals and students



#### ENVIRONMENTAL SUSTAINABILITY

Promoting environmental sustainability for the benefit of humanity



#### RELIEF OF POVERTY

Relieving global poverty through safe, sustainable use of ocean trade and resources



#### IMPROVED SAFETY

Improving safety for those operating in the global marine sector

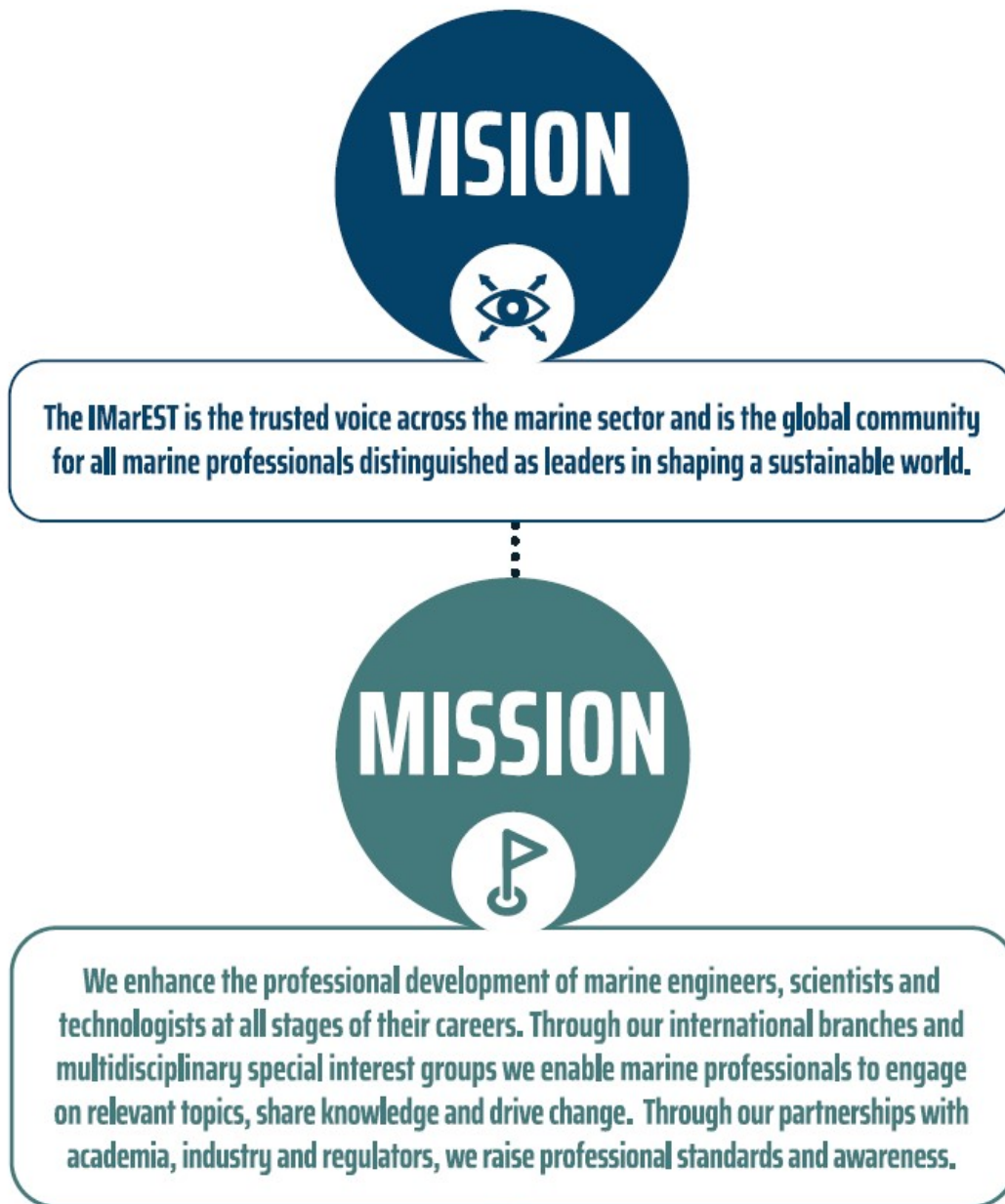


#### ETHICAL PROFESSIONALISM

Encouraging ethical professionalism by upholding standards

## Our Strategy 2022 – 2025

Having come to the end of our 5-year strategic plan (2018 – 2022), we have developed a new 2022–2025 strategic plan for how the Institute will shape its next 3 years of progress. At the centre of the plan is a new Vision to position the IMarEST as the leading voice of the marine sector and the primary forum for the global marine professional community. We have also defined our Mission in recognition of our members being the very heart of our Institute:



As we take the Institute into the next chapter of its life, you will see us focus on six strategic themes: operational excellence, community & member engagement, technical leadership, growth through innovation, public profile & communications, and membership & professionalism.



## Chair's Foreword and Review of the Year

The Board continues to monitor financial risk but it is also our duty to ensure that the Institute is sustainably delivering services for its members and partners, as well as fulfilling its charitable purpose for general public benefit. This requires investment, and the end of this year saw us begin an invitation to tender for a new CRM and website as part of the IT Strategy developed last year. This strategy laid out several milestones. . In addition, the IMarEST developed a new 3-year strategy to guide us up to 2025.

Whilst the first half of FY22 (October 2021 – September 2022) saw continued uncertainty stemming from the pandemic and the Omicron variant, we have returned to run in-person events again, beginning with our Oceans of Knowledge conference in October and then the Annual Dinner in March. We also hosted the Engine As A Weapon Symposium online, not forgetting the inclusivity it brings allowing delegates to attend no matter where they were in the world. In total, we delivered 80 events in FY22 including conferences, technical lectures, panel discussions and webinars. We also created the new role of Head of Events to help evolve our programme of events and develop formats for greater commercial success.

Our technical leadership in marine subjects was driven not just through this events programme, but also through our Special Interest Groups (SIGs) and ongoing intergovernmental policy work. We launched a new Artificial Intelligence SIG and our Marine Mammals SIG developed a detailed careers guide to help both students and employers understand the skills required for different career paths. Our Ocean Plastic & Marine Litter SIG presented their extensive work and outputs at the 7th International Marine Debris Conference in September.

Based on a survey of our members and subsequent consultation with our SIGs, we also published a report - 'Challenges in the Marine Sector: 2023 and beyond' - highlighting the pressing issues for the industry in coming years.

National and international accreditations continued apace, with a large proportion taking place in SE Asia and China. We accredited 76 different courses/training schemes across 8 different institutions in FY22.

We also provided members with fresh content and new tools this year. More than 150 videos were added to IMarEST TV and we launched our new and much improved Library in the summer, providing a benefit for members who can now submit their own work to be published or listed in this global repository of marine content. The Library incorporates 130+ years of IMarEST published material and archives.

We worked closely with our publishers to bring in robust advertising revenue and sponsorship to support our events programme. We also created the role of a dedicated Sales & Business Development Director to innovate new income streams, develop deeper relationships with industry and forge new partnerships.

Whilst much has been done in the past year, we must continue to provide value through membership, demanding excellence in our events, technical activities and regular content. We must also seek to raise the profile of the IMarEST and the role of the ocean and maritime industries, ensuring their importance is recognised and that they drive positive change for a sustainable future.

We could not have achieved what we have without the hard work of the member volunteers and the Executive team. I would like to thank them for all the successes of the last year and their dedication to the future success of the Institute.

A handwritten signature in black ink, appearing to read 'Kevin Daffey'. The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Kevin Daffey

**Chair, Board of Trustees**

## Trustees' Annual Report

### Delivering our charitable purposes for the public benefit

The IMarEST charitable purposes are defined in the opening section of this report. They are delivered to the benefit of either the public at large or the global marine community. The general benefits are described below; specific benefits from activities in the past year are described in the next section.

### Benefits arising from charitable purposes

- The general public benefits from safe shipping activities, marine and maritime infrastructure, and from safe and sustainable ocean activities and the conservation of marine resources. The expertise and activities of IMarEST's members contributes to realising these benefits. The general public also benefits from activities that support the generation and dissemination of knowledge, education of the public and making best practice available to our members.
- Governments and intergovernmental organisations benefit from our provision of expert advice through consultation responses and from our published reports. Both public and private sector employers, and through them the wider economy, benefit commercially from employing IMarEST members who have globally recognised professional qualifications.
- Young people can better realise their potential from our efforts to raise interest in marine, science, engineering and technology in schools and colleges; we also encourage and support the young engineers, scientists and technologists of tomorrow.

### Underpinning membership expertise

Delivery of the benefits described above depends upon the IMarEST maintaining a strong body of professional expertise incorporated in a financially robust and sustainable body. This expertise is essential to provide technical and social leadership and advice, and to ensure the safety, effectiveness and sustainability of global marine activities. This expertise is developed and recognised through our membership qualification, registration and professional development processes, through the maintenance of a body of technical information, and through professional and technical support. The IMarEST's own activities as a professional body are not considered to generate detriment or harm.

### Membership

The IMarEST could not deliver its charitable purposes to the public benefit without its membership, and the membership subscriptions which are used to fund activities for public benefit. General membership of the IMarEST is open to the whole marine community and, through Affiliate membership, to any member of the public with an interest in marine affairs. Financial barriers to membership are minimised. Membership for students, apprentices, cadets and others in full-time education is free and a Graduate Pathway scheme is in place to offer discounts following graduation. Concessionary rates are in place for those living in certain countries, for those who have retired and for long-service members. Any member suffering financial hardship may apply for fees to be reduced or waived.

### Fundraising

All solicitations are managed internally, without involvement of commercial participators, professional fundraisers or third parties and are focused on generating income to support delivery of our charitable purposes. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the Trustees. Fundraising income is presented in our accounts as "Donations". The Institute is aware of the UK Fundraising Regulator's guidance, has received no complaints in the year and is confident in its ability to comply.



### **Charity Commission Guidance**

The IMarEST Board of Trustees 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.

## **What we will do in 2023**

### **MEMBERSHIP & PROFESSIONALISM**

- In FY23 we shall continue to grow our registers across engineering, science and technology through IPD, CPD recognition and accreditation activities.
- We will continue to work closely with the Engineering Council and the Science Council to ensure all our membership and registration processes and operations are fit for purpose and meet the needs of applicants from the marine sector
- During FY23 we will continue to deliver academic and professional accreditations to organisations and universities across the world.
- Inspire, support and develop the next generation of marine professionals through a programme of relevant activity and encourage enrolment on the Graduate Pathway. In FY23 we will focus our efforts on supporting our existing student membership and in the generation of new student members at universities undergoing the accreditation process.
- We will continue to develop partnerships with governments and industry to promote professional development of their staff.

### **OPERATIONAL EXCELLENCE**

- We will be working in FY23 to develop and update our IT estate, website and CRM to ensure maximum productivity and efficiency in delivering membership and business services.
- We will deliver financial targets and key performance measures as agreed by the Board of Trustees.

### **COMMUNITY & MEMBER ENGAGEMENT**

- We will build upon the post-Covid successes of holding some events online, allowing a much wider international audience of both members and non-members to attend.
- We will run a series of high-quality events and workshops to lead on key technical issues and use a mix of in-person and online formats to create 'hybrid' events for greater accessibility.

Key events in the FY23 calendar:

- International Naval Engineering Conference (INEC)
- Annual Dinner
- IMarEST Annual Conference

Key events in the FY24 calendar:

- Oceans of Knowledge
- Engine As A Weapon Symposium X

- We will engage with the branches and SIGs, continuing to support them in delivering a range of services to members, including training them to deliver hybrid and online lectures and to record in-person meetings.
- We will provide increased opportunities for members to network and exchange information and expertise with other marine professionals locally and around the world
- Expand our support of and engagement with Student Sections and encourage the establishment of new Sections.

## **GROWTH THROUGH INNOVATION & RELEVANCE**

- We will focus on working much more closely with our corporate clients to deepen our understanding of how we can support them. This will result in the further development of both our membership proposition and professional networking services which are help our clients with professional development and business in general. We will use this learning to build a wider portfolio of industrial clients in the marine and science sectors.
- We will further grow and commercialise our events programme
- We will work with Think Publishing to improve our portfolio of member content and open access content under the established Marine Professional brand, as well as sponsorship and advertising revenue.
- We will also continue to work with Witherby's Seamanship International on our existing book portfolio and seek further book publishing opportunities in FY23. Taylor & Francis will remain contracted to produce our two academic journals.

## **PUBLIC PROFILE & COMMUNICATIONS**

- We will implement a PR strategy to improve media engagement and better communicate the work of the Institute for future growth.
- We will invest in media training for our senior spokespeople.

## TECHNICAL LEADERSHIP

- We will use the expertise of our members to provide an invaluable public service, sharing impartial, scientific and engineering expertise with governing bodies to help them in evidence-based decision and policy making.
- We will ensure decisions that directly affect marine engineers, scientists and technologists and the way they undertake their work are communicated to members and ensure policymakers are developing reasonable regulation that can be implemented by our community.
- We will create a more “ocean literate” membership with a broader awareness across sectors and specialisms through our interdisciplinary content and magazine
- Deliver against our voluntary commitments to support the implementation of UN Sustainable Development Goal 14.

## Financial review

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

	2022 £	2022 %	2021 £	2021 %
Income from charitable activities	2,462,193	84.23	2,435,447	84.26
Investment income	401,855	13.75	422,420	14.62
Net income from associates	57,888	1.98	22,213	0.77
Donations and legacies	1,161	0.04	10,136	0.35
	<u>2,923,097</u>	<u>100.00</u>	<u>2,890,216</u>	<u>100.00</u>

The IMarEST’s overall financial position shows net movement in funds as follows:

	2022 £	2021 £
Net deficit (excl.pension adjustment) prior to other gains (losses)	(125,409)	(158,188)
Pension Scheme Adjustment (Note 18)	254,000	194,000
Net income before recognised gains and losses	128,591	35,812
(Loss) gains on listed investments	(1,680,485)	747,516
Actuarial gains on defined benefit pension scheme liability	125,000	1,433,000
Loss arising from Memorabilia recognition (notes 8 & 9).	-	(107,730)
Foreign exchange losses on translation	(17,221)	(9,896)
	<u>(1,444,115)</u>	<u>2,098,702</u>

The underlying financial performance of the Institute continues on an improving trajectory, with a net deficit position of £125k (2021: £158k). The unprecedented market conditions as at 30 September 2022 have impacted the valuation of our investment portfolios, with a loss of £1,680k (2021: gain £747k). This valuation loss has not impacted cash received of £402k during the year (2021: 422k). The weakening of sterling against other currencies has led to a higher foreign exchange loss of £17k (2021: £10k). There has been an overall positive movement of £379k (2021: £1,627k) on the valuation of the Retirement Benefit Scheme deficit.

The Group balance sheet shows total net assets of £10,950k as follows:

	2022	2021
	£	£
Total net assets before pension scheme liability	12,708,941	14,532,056
Defined benefit pension scheme liability	(1,758,000)	(2,137,000)
	<u>10,950,941</u>	<u>12,395,056</u>

### Charitable application

The table below provides a high-level breakdown of the application of funds to our charitable purposes as shown in the notes to the financial statements.

	2022	2022	2021	2021
	£	%	£	%
Membership Services	1,270,959	44.3	1,370,856	48.0
Technical Publications & Books	141,111	4.92	141,071	4.9
Conferences & Events	454,064	15.83	360,359	12.6
Marine Partners & Members Fees	283,165	9.87	159,220	5.6
Accreditation	172,520	6.01	105,589	3.7
Technical & Library	527,176	18.37	658,794	23.1
Awards	20,255	0.71	58,515	2.0
Totals	<u>2,869,250</u>	<u>100</u>	<u>2,854,404</u>	<u>100</u>

### Cash and investment policy

The Institute's Royal Charter gives the Institute the power 'to invest the monies of the Institute not immediately required in or upon such investments or other property or other assets as the Trustees may think fit.' The Board of Trustees delegates day-to-day management of its investment portfolio to its investment managers and they act on a discretionary basis in accordance with the Statement of Investment Policy and Principle (SIPP) and benchmarks agreed with the Board of Trustees.

The Institute is following a strategy of predictable income using a selection of funds managed by Sarasin and Partners LLP (Sarasin). The SIPP and benchmarks are reviewed annually and adjusted as deemed necessary by the Board of Trustees. In the determination of benchmarks and the review of performance against these benchmarks the Trustees receive advice from an independent Investment Adviser.

The performance\* against benchmark for the funds comprising the investment portfolio is given in the following table:

	Benchmark	Portfolio
Sarasin Income and Reserves Fund Class A Inc	-6.2%	-8.1%
Sarasin Endowments Fund Class A Inc	-18.0%	-18.1%

\*performance is calculated 'net' of investment management fees and takes into account receipts and withdrawals from the portfolio during the period.

The Board of Trustees keeps under review the adequacy of the Treasury to fund immediate cash flow requirements, short-term capital projects and risk mitigation without jeopardising the invested reserves.

### **Total Return Accounting**

On 18 September 2018 the Committee of Management of the Memorial Fund (a Permanent Endowment Fund) agreed to adopt a total return investment approach under section 105 of the Charities Act 2011 for the Memorial Fund and that its core value should remain set at £3,044,472 as shown on the Memorial Fund balance sheet for the year ending 30 September 2011. They further agreed that responsibility for the implementation and oversight of adopting a total return basis should be delegated to the Institute's Finance & Investment Committee.

### **Reserves and reserves policy**

In addition to its operating funds (i.e. working capital in current and deposit accounts), the IMarEST maintains a variety of funds and investments with different aims and structures:

- a) **Restricted Funds.** The IMarEST retains two separate Restricted Funds:
  - ii. **The Awards and Scholarships Fund.** This was established from legacies and donations received over time and is used to fund rewards for excellence within the fields of Marine Engineering, Science and Technology, with any unexpended income being retained within the fund. At 30 September 2022 its value was £233k (2021: £283k). It is considered as a reserve for its specific purpose.
  - ii. **The Permanent Endowment Memorial Fund (PEMF).** This was created after the sale of the Mark Lane building from 25% of the net proceeds. It is governed by its own scheme rules, under which dividend income can be used for the charitable purposes of the Institute but the core capital value must be preserved. At 30 September 2022 its core value was £3.044M. The fund is managed on a Total Return basis (in accordance with Charity Commission guidance) wherein capital gain above the core value can be taken as income. The Fund can be considered as part of the reserves – but under normal circumstances only for income generation. At 30 September 2022 the total fund value, including unapplied total return was £3.68M (2021: £4.55M).
- a) **Unrestricted Funds (free reserves).** Further IMarEST investment assets are contained in an investment fund which may be utilized for the general financial needs and charitable purposes of the Institute. At 30 September 2022 its value was £8.63M (2021: £9.46M), and can be considered free reserves.

- b) **Designated Funds.** The Trustees have designated £167k (2021: £235k) of funds relating to tangible fixed assets and cash held overseas to reflect that these cannot easily be realised as cash to apply towards charitable purposes.

The IMarEST requires reserves for the following purposes:

- a) In order to preserve the medium and long-term interests of the charity.
- b) As a source of income to fund the IMarEST's charitable purposes and Retirement Benefit Scheme (RBS) Recovery Plan.
- c) As a contingency fund against recovery from maturing risks.
- d) To meet the mid-term capital requirements of the Institute.

The reserves policy is to maintain the Institute, Memorial and Awards & Scholarship Funds at the required level in order to provide income to support delivery of the Charitable Purposes and RBS Recovery Plan without eroding capital value. IMarEST have recently updated the strategic plan for the next three years, which will see investment in capability and infrastructure to support efficiencies and growth. The designated funds and current target value of £12-£13m of free reserves will be reviewed in due course.

At 30 September 2022 the value of IMarEST free reserves and designated funds as shown on the charity balance sheet is £8.5M (2021: £9.8M).

#### **Pay policy for senior staff**

The executive team of the Group direct and control the operation of the Group on a day to day basis. The remuneration of the entire executive team is reviewed and approved annually by the IMarEST Remuneration Committee. This Committee is chaired by the Vice Chair of the Board of Trustees. The Committee ensures arrangements are affordable and fair, and are designed to motivate and reward performance in the interest of the Group. Remuneration is benchmarked periodically using external surveys and data which includes both commercial and not-for-profit organisations.

## Risk management

Risk management is embedded within the operations of the Group. Risk registers are regularly maintained by the executive, and reviewed by the trustees. Currently the most significant risks are:

Category	Risk	Mitigation
Compliance	Adherence to a broad range of regulatory and statutory obligations, including financial reporting, direct and indirect tax, employment laws, Charity Commission guidance, data protection etc.	Update operational procedures, seeking ISO9001 certification in FY23. Appropriate staff training and development to ensure we maintain appropriate skills and competencies in house, and supplement with external expertise where necessary.
People	As a small to medium sized business everything we do is highly dependent upon our volunteer network and our employees / executive. Post COVID the local employment market is very buoyant and there is a risk that we might lose key staff and their experience, impacting the business in the short to medium term	We have reviewed our HR processes including recruitment, development, succession planning and appraisal. We also undertake manager training and conduct regular staff opinion surveys. We have recently updated our pay and benefits package, and we will endeavour to remain an attractive employer.
Systems /Infrastructure	There is a risk that a lack of recent investment in our IT Systems and infrastructure might lead to a failure of the system and a loss of business continuity.	We have upgraded our Business Continuity and Disaster Recover systems to the cloud and we initiated a move to cloud-based Office 365 in FY22. We are about to embark on an IT Transformation Programme which will see us complete the move to the cloud and implement a new CRM system, website and member portal towards the end of the year.
Financial	Ability to meet defined benefit pension liabilities.	The 2020 valuation was agreed with the RBS Trustees in December 2021, setting an affordable level of contributions until the next valuation in 2023. IMarEST have historically been reliant on the income from Investment Assets to meet this obligation.
Financial	Ensuring that IMarEST's portfolio of activities are financially sustainable.	A new Strategic Plan has recently been finalised, and the 3 year financial plan targeting a move to operational surpluses is currently under review .  A clear framework is used for bottom up budgeting, and forecasting. Internal project committees focus on customer engagement and product development in response to member feedback. Improving engagement with students/early career professionals is key to longevity.

## Audit

Financial audit oversight is delegated to the Finance & Investment Committee. Operational and procedural audit matters are overseen directly by the Board.

## Members

The role played by our members, who so generously volunteer their time and expertise to serve the IMarEST, cannot be overestimated. Their contribution is vital across a number of activities, including the Professional Review process by which individuals are assessed for qualification to membership, as accreditors, providing technical lectures, contributing to our publications, as representatives of the IMarEST, through branches, through SIGs (Special Interest Groups), our various Committees, the Council and the Board of Trustees. The IMarEST is very grateful for the contributions of members and recognises that without their efforts there could be no IMarEST.

## Related parties and connected organisations

As detailed in note 9 to the financial statements, IMarEST has one fully owned subsidiary undertaking Marine Management (Holdings) Limited, a company registered (01100685) in England and Wales. Marine Management (Holdings) Ltd is the parent company of MAREST (S) PTE Limited and of Marine Exhibitions Limited. Marine Exhibitions Limited is currently not trading.

As at 30 September 2022, Marine Management (Holdings) Ltd held a 40% share in MLA College Ltd, a higher education provider, and a 30% share in Marine People Limited, a marine specialist recruitment agency. The shares in MLA College Ltd were sold on 16 December 2022.

The table below gives details of the composition of the Board of Directors of the companies identified above as at 30 September 2022.

Company	IMarEST Trustees	IMarEST Executive	External	Chair
Marine Management (Holdings) Limited	-	2	2	External
MLA College Ltd	-	1	5	External
MAREST (S) PTE Limited	-	1	2	Executive
Marine Exhibitions Limited	-	2	-	Executive
Marine People Limited	-	1	2	External

The Institute has a close working relationship with the Guild of Benevolence of the IMarEST, which is a separate and independent charity. The Institute provides certain services to the Guild for which charges are made based on the costs incurred by the Institute. The Honorary Treasurer and Secretary of the Institute are ex-officio members of the Guild's Committee of Management but the Institute has no overall control of the charity.

The Institute has historically had a close relationship with the Memorial Fund, which was a separate charity whose exclusive objects were to repair and maintain the property of the Institute, to advance education in engineering, science, and technology in the marine environment, and to advance the general charitable purposes of the IMarEST. Although it remains legally constituted as a separate charity, since July 2012 the Memorial Fund has been linked to the main Institute charity for registration and accounting purposes and no longer has a separate charity registration number. The Trustees of the Institute at any given time also serve as the trustees of the Memorial Fund.

In pursuance of its charitable objectives, the Institute has a working relationship through the joint branch arrangements with the Royal Institution of Naval Architects.



## Structure, governance and management

### Board of Trustees

The overall governance and control of IMarEST is managed by a Board of Trustees (the Board) whose members are the charity trustees of IMarEST. The Board is composed of the five Officers of the Institute plus between 9 and 15 other Trustees, of which at least six must be Council Trustees and at least three Non-Council Trustees. Council Trustees are appointed by Council and Non-Council Trustees are appointed by the Board itself. All Trustees receive an induction to IMarEST, along with an overview of the responsibilities of trustees. They are encouraged to attend training sessions during their tenure. The Chair of the Board is a Fellow of the IMarEST and appointed by the Board but need not be a member of either the Board or Council at the time of appointment. A Vice-Chair is selected by the Board from among its existing membership. The Board has three committees to focus on specific aspects of its work in detail: Nominations and Remuneration (both composed solely of Board members) and Finance & Investment, composed of Board members and, at the discretion of the Board, one or more individuals with specialist expertise who are not currently members of the Board. In addition, the Presidents' Advisory Committee, composed of past Institute presidents, is considered a Board committee.

### Council

IMarEST Council manages the professional, learned society and technical affairs of the IMarEST on behalf of the Board. Appointed Members of Council are appointed by Council to three-year terms on the recommendation of the Nominations Committee. Elected Members of Council are elected to three-year terms by the Voting Members in the relevant electoral division. Both Appointed Members and Elected Members are eligible to serve two consecutive terms of office and there are currently four electoral divisions: Americas, ANZSPAC (Australia and New Zealand), Asia Pacific and EMEA (Europe, Mid East and Africa). The Honorary Treasurer is elected annually by Voting Members across all electoral divisions. The President of IMarEST serves as the Chair of Council as well as IMarEST's ambassador and is appointed to a one-year term by Council on the recommendation of the Presidents' Advisory Committee.

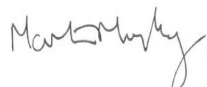
Council delegates the delivery of specific aspects of its work to its standing committees: Membership Committee, Professional Affairs and Education Committee (PAEC), Publications Supervisory Board (PSB) and Technical Leadership Board (TLB). Council must meet a minimum of twice each year and normally holds one face-to-face and two online/teleconference meetings during the year. All sessions were held virtually this year due to Covid restrictions.

Approved by the trustees and signed on their behalf on 7 March 2023 by:



Kevin Daffey

Chair of Board of Trustees



Martin Murphy

Honorary Treasurer

## Statement of trustees' responsibilities

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

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the income and expenditure of the group and the charity for that period. In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group and charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, applicable Charity (Accounts and Reports) Regulations and the provisions of the charity's Royal Charter. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approved by the trustees and signed on their behalf on 7 March 2023 by:



Kevin Daffey

Chair of Board of Trustees



Martin Murphy

Honorary Treasurer

## **Independent auditor's report to the trustees of the Institute of Marine Engineering, Science & Technology**

### **Opinion**

We have audited the financial statements of The Institute of Marine Engineering, Science and Technology ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 30 September 2022 which comprise the consolidated statement of financial activities, the consolidated and Parent Charity balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 30 September 2022 and of the Group's incoming resources and application of resources 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.

### **Basis for opinion**

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

### **Conclusions related to going concern**

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

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

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

## **Other information**

The other information comprises the information included in the Annual report and Accounts 2022, other than the financial statements and our Auditor's report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the Parent Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Charity; or
- the information given in the trustees' annual report is inconsistent in any material respect with the accounts; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of Trustees**

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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Charity and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011) and those that relate to data protection (General Data Protection Regulation). identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group and Charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;
- used data analytics to investigate the rationale behind any significant or unusual transactions; and
- tested authorisation controls on expenditure items, ensuring all expenditure was approved in line with the Group and Charity's financial procedures.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

#### **Use of our report**

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011. 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.



Edward Finch (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date: 7 March 2023

## Consolidated Statement of Financial Activities

Year to 30 September 2022

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2022 £	Total funds 2021 £
<b>Income</b>						
Donations and legacies	1	161	1,000	–	1,161	10,136
Charitable activities	2	2,462,193	–	–	2,462,193	2,435,447
Investment income	3	264,703	8,629	128,523	401,855	422,420
Income from associates	3	57,888	–	–	57,888	22,213
<b>Total income</b>		<b>2,784,945</b>	<b>9,629</b>	<b>128,523</b>	<b>2,923,097</b>	<b>2,890,216</b>
<b>Expenditure</b>						
Charitable activities	4	2,850,128	19,122	–	2,869,250	2,854,404
<b>Other expenditure</b>						
Write down of investment in associates	6,12,19	(74,744)	–	–	(74,744)	–
<b>Total expenditure</b>		<b>2,775,384</b>	<b>19,122</b>	<b>–</b>	<b>2,794,506</b>	<b>2,854,404</b>
<b>Net income (expenditure) before investment gains and losses</b>						
		9,561	(9,493)	128,523	128,591	35,812
Loss on listed investments	9a	(1,019,569)	(40,662)	(620,254)	(1,680,485)	747,516
<b>Net (expenditure) income</b>		<b>(1,010,008)</b>	<b>(50,155)</b>	<b>(491,731)</b>	<b>(1,551,894)</b>	<b>783,328</b>
Transfers between funds	18	378,523	–	(378,523)	–	–
<b>Net income before other recognised gains and losses</b>		<b>(631,485)</b>	<b>(50,155)</b>	<b>(870,254)</b>	<b>(1,551,894)</b>	<b>783,328</b>
Actuarial gains (losses) on defined benefit pension scheme		125,000	–	–	125,000	1,433,000
Loss arising from memorabilia write down		–	–	–	–	(107,730)
Foreign exchange losses		(17,221)	–	–	(17,221)	(9,896)
<b>Net movement in funds</b>		<b>(523,706)</b>	<b>(50,155)</b>	<b>(870,254)</b>	<b>(1,444,115)</b>	<b>2,098,702</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 30 September		7,560,262	283,534	4,551,261	12,395,056	10,296,354
Total funds carried forward at 30 September		7,036,555	233,379	3,681,007	10,950,941	12,395,056

All income and expenditure was derived from continuing activities in the above periods and there are no recognised gains or losses other than those stated above.

## Balance sheets

As at 30 September 2022

	Notes	Group		Charity	
		2022	2021	2022	2021
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets					
. Goodwill	7	59,400	70,200	—	—
. Negative goodwill	7	—	(402,727)	—	—
Tangible assets	8	76,827	145,174	76,604	144,021
Investments	9	11,736,942	13,616,470	11,622,310	13,511,953
		<b>11,873,169</b>	13,429,117	<b>11,698,914</b>	13,655,974
<b>Current assets</b>					
Stock		—	3,788	—	3,788
Debtors	11	1,744,153	474,370	1,702,279	438,224
Cash at bank and in hand		459,036	308,798	406,572	282,640
		<b>2,203,189</b>	786,956	<b>2,108,851</b>	724,652
Creditors: amounts falling due within one year	13	(1,367,417)	(1,268,479)	(1,301,668)	(1,226,880)
<b>Net current assets (liabilities)</b>		<b>835,772</b>	(481,523)	<b>807,183</b>	(502,228)
Debtors: amounts due after one year	12	—	1,584,462	45,086	1,667,499
<b>Net assets before pension liability</b>		<b>12,708,941</b>	14,532,056	<b>12,551,183</b>	14,821,245
Defined pension scheme liability	17	(1,758,000)	(2,137,000)	(1,758,000)	(2,137,000)
<b>Total net assets</b>		<b>10,950,941</b>	12,395,056	<b>10,793,183</b>	12,684,245
<b>Funds and reserves</b>					
Permanent endowment funds	10	3,681,007	4,551,261	3,681,007	4,551,261
Restricted funds		233,379	283,533	233,379	283,533
Unrestricted funds					
. Designated funds	18	167,320	235,577	167,007	235,577
. General funds	18	8,627,235	9,461,685	8,469,790	9,750,874
. Pension reserve	17	(1,758,000)	(2,137,000)	(1,758,000)	(2,137,000)
<b>Total funds</b>	18	<b>10,950,941</b>	12,395,056	<b>10,793,183</b>	12,684,245

The accompanying accounting policies and notes form an integral part of these financial statements. The financial statements on pages 22 to 48 were approved by the trustees on 21 February 2023 and signed on their behalf by:



Kevin Daffey  
Chair of Board of Trustees



Martin Murphy  
Honorary Treasurer



## Consolidated statement of cash flows

Year to 30 September 2022

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Net movement in funds for the year before other recognised gains and losses	<b>(1,551,894)</b>	783,328
Adjustments for		
Depreciation charges tangible assets	<b>76,062</b>	80,298
Amortisation charges intangible assets	<b>10,800</b>	10,800
Write back of negative goodwill	<b>(402,727)</b>	-
Decrease in stock	<b>3,788</b>	226
Increase in debtors due within one year	<b>(1,269,783)</b>	(57,131)
Decrease in debtors due in more than one year	<b>1,584,462</b>	32,938
Increase (decrease) in creditors	<b>98,938</b>	(111,285)
DB pension charge contributions net of interest expense	<b>(254,000)</b>	(194,000)
Dividends and investment income receivable	<b>(401,855)</b>	(422,420)
Net income from associates	<b>(57,888)</b>	(22,213)
Gains on listed investments	<b>1,680,485</b>	(747,516)
Foreign exchange losses	<b>(17,221)</b>	(9,896)
Net cash used in operating activities	<b>(500,833)</b>	(656,871)
<b>Cash flows from investing activities</b>		
Dividend received from investments	<b>449,712</b>	462,420
Purchase of property, plant and equipment	<b>(7,715)</b>	(9,069)
Proceeds from sale of listed investments	<b>250,000</b>	456,400
Purchase of listed investments	<b>(6,606)</b>	(8,589)
Net cash provided by investing activities	<b>685,391</b>	901,162
<b>Change in cash and cash equivalents in the reporting period</b>	<b>184,558</b>	244,291
Cash and cash equivalents at 1 October	<b>378,211</b>	133,920
Cash and cash equivalents at 30 September	<b>562,769</b>	378,211
<b>Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	<b>459,036</b>	308,798
Cash held by investment managers	<b>103,733</b>	69,413
Total cash and cash equivalents	<b>562,769</b>	378,211

The Group holds no external loans. There is therefore no difference between the changes in cash and cash equivalents and the changes in net debt.

## Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

### Basis of preparation

The Financial Statements have been prepared in accordance with the Charities SORP (FRS 102), Accounting and Reporting by Charities: A Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011. The statements have been prepared under the historic cost convention, with the exception that investments, memorabilia and historic assets are included at market value. The financial statements are rounded to the nearest £.

The charity constitutes a public benefit entity as defined by FRS 102.

The trustees consider that there are no material uncertainties about the Group and Charity's ability to continue as a going concern. In making their assessment, the trustees have considered the impact that the Covid-19 pandemic has had on the Group and Charity and its beneficiaries.

### Basis of consolidation

The accounts consolidate those of the Charity and its wholly owned non-charitable trading subsidiaries: Marine Management (Holdings) Limited, MAREST (S) Pte Limited and Marine Exhibitions Ltd. Marine Exhibitions Ltd did not trade during the year. On 30 June 2019, 60% of MLA College Ltd was sold. MLA College Ltd has been treated as an associate from this date. Intra-group transactions are eliminated in full.

As a result of a direction issued by the Charity Commission in July 2012, The Institute of Marine Engineering, Science and Technology Memorial Fund (the Memorial Fund) was linked with the funds of the Institute.

In the year ended 30 September 2006, the Stanley Gray Awards and The Institute of Marine Engineers Scholarship Fund merged with the Donald Maxwell Fund. Donald Maxwell Fund was linked, under a Charity Commission direction, with the funds of the Institute. The resulting linked charity is referred to as the Awards and Scholarship Fund. The Scholarship fund was enhanced by a generous injection of funds in respect of the John Blackburn Main Trust in 2007.

The Memorial Fund and The Awards and Scholarship Fund remain subject to their trusts and the terms under which they were given. The separate charity balance sheet and its related notes include these two funds.

## **Income**

Income is recognised in the period in which the group and the charity has entitlement to income, the amount of the income can be measured reliably and it is probable that the income will be received.

### ***Donations and legacies***

Income from donations and legacies is included once the Charity is informed of an entitlement and that there is a probable assurance of receipt. Unless the legacies or donor specifies conditions of receipt, the income is included in the general fund.

### ***Charitable activities***

Subscriptions are recognised on an accruals basis. Receipts received in advance of the membership period are held as deferred income. Income is recognised using the stage of completion method and on-going tutorial support is considered to be immaterial. Income generated from consultancy is recognised over the life of the project. Income from technical journals subscriptions and events are recognised in the year it relates to, with payments in advance held as deferred income.

### ***Investment income and interest***

Income receivable on deposits and investments is recognised when received. Income from permanently endowed investments is calculated on a total return basis (see note 9).

## **Expenditure**

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the subsidiary charity.

### ***VAT – Recoverable and irrecoverable***

The Institute is regarded as partially exempt under HM Revenue & Customs rules and, therefore is unable to reclaim all the Input VAT it incurs. Where irrecoverable VAT is incurred, it is charged against the category of resources expended for which it was incurred. MAREST (S) Pte Limited is not required to register for Goods and Services Tax as income is under the required threshold.

### ***Allocation of overheads***

Where costs cannot be directly attributed to a particular charitable activity, costs are allocated using the best judgement. The allocation of overhead costs is analysed in note 4.

### ***Governance costs***

Governance costs have been analysed to show the cost of running the Charity, including strategic planning for its future development, legal advice for the Board of Trustees or Council. All the costs of complying with constitutional and statutory requirements, such as the costs of the Board of Trustees and Council meetings, and of preparing statutory accounts and satisfying public accountability, are allocated to charitable activity using best judgement.

### **Operating leases**

Lease commitments are charged in the statement of financial activities on a straight-line basis over the lease term. Details of the lease commitments are shown in note 14.

### **Pension costs**

The Institute's staff pension scheme incorporates a final salary section and a stakeholder section. The assets of the scheme are held separately from those of the Institute in an independently administered fund. The final salary section of the scheme was closed to new members on 5 April 2002. At that date, the final salary section, which previously was a non-contributory scheme, became a contributory scheme with active members paying 7% of their gross salary.

The final salary section of the pension scheme is accounted for in accordance with FRS 102 section 28 'Retirement Benefits'. The service cost of pension provision relating to the year, together with the cost of any benefits relating to past service if the benefits have vested, is charged to the statement of financial activities. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit to the Group's long term expected return on assets (based on the market value of the scheme assets at the start of the year), are also included in the statement of financial activities.

The difference between the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet. Any differences between the actual and expected return on assets during the year are recognised in the statement of financial activities along with the difference arising from experience or assumption changes.

Contributions to the stakeholder section of the pension scheme are charged to the statement of financial activities in the year in which they become payable.

More information about the pension scheme is provided in note 17 to the financial statements.

### **Intangible assets**

Intangible assets comprise the following:

- Goodwill arising on the acquisition of a 30% interest in Marine People Limited.
- The negative goodwill arising on the partial disposal and retention of a 40% interest in MLA College Ltd. This has been written back in full during the year ended 30 September 2022.

Amortisation is charged on a straight line basis over 10 years. The impairment of intangible assets is considered annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, and provision made when necessary.

### **Tangible assets**

Leasehold property - Leasehold premises and associated acquisition costs are stated at cost. Depreciation is provided to write off the cost of the leasehold premises over the initial 5-year term of the lease.

Other tangible fixed assets - Assets with a value under £250 are not capitalised and all assets are assessed for signs of impairment at each Balance Sheet date.

Depreciation is provided to write off the cost, less estimated residual values, of other tangible fixed assets over their expected useful lives. Fixtures, fittings and equipment are depreciated on a straight-line basis each year at rates between 20% and 33%.

Memorabilia - The Institute holds a collection of heritage assets which relate to the history of the Institution itself and the wider history of Marine Engineering, Science and Technology. Part of the collection is on loan to the South Shields Marine School. No depreciation is provided on the memorabilia and historic assets. Revaluation of these assets will be considered annually and subject to receiving a reliable valuation at a cost commensurate with the benefit to the users of the accounts and to the IMarEST, any increase or decrease in value of the assets from one year to the next will be treated as an unrealised gain or loss.

### **Investments**

Investments in listed stocks and shares are stated at market value at the balance sheet date. Realised and unrealised gains on investments during the year are taken to the fund in which the investments are held. Any increase or decrease in the value of the assets from one year to the next is treated as an unrealised gain or loss.

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and either the opening market value or the purchase cost if investments are purchased in the year. Unrealised gains and losses are calculated as the difference between the market value at the year-end and either the opening market value or the purchase cost if investments are purchased in the year. Realised and unrealised gains are not separated in the statement of financial activities.

At 30 September 2022, the Group had a 30% shareholding in Marine People Limited and a 40% share in MLA College Ltd. In accordance with FRS 102, these associates have been accounted for using the equity method.

### **Taxation**

The Institute of Marine Engineers, Science and Technology is a registered Charity and accordingly is exempt from taxation on its charitable activities.

### **Stocks**

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

### **Foreign currency**

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to income and expenditure in the statement of financial activities.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to other recognised gains and losses in the statement of financial activities.

### **Funds**

Where income is received, which is subject to donor-imposed restrictions on its future use it is credited to restricted funds in the statement of financial activities. Expenditure of the resources for the specified purpose is charged to the restricted fund, and any balances of unexpended income are carried forward as restricted funds on the Balance Sheet. Where funds received are to be retained as permanent endowment, these are identified separately as endowment funds.

Where the Board of Trustees identifies a need to allocate funds for specific purposes, these funds are shown as designated funds in the balance sheet. Such funds are unrestricted as their designation is at the discretion of the Board of Trustees. All funds other than restricted funds and designated funds are regarded as free reserves and are called other unrestricted funds. Where funds previously designated are no longer required, they are transferred to other unrestricted funds.

### **Debtors, cash and creditors**

**Debtors** – trade and other debtors are recognised at the settlement amount due after any trade discount offered. Amounts due are initially recognised at fair value and subsequently at amortised cost using the effective interest method where the effect of discounting is material. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Cash at bank and in hand** – Cash at bank and cash in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Creditors and provisions** – Creditors and provisions are recognised where there is a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

### **Accounting estimates and judgements**

In preparing the accounts, the trustees are required to make estimates and judgements. The matters detailed below are considered to be the most important in understanding the judgements that are involved in preparing the accounts, and the uncertainties that could impact the amounts reported.

**Income recognition** – a significant portion of the Group’s income is earned over a period of time following invoice. This includes membership subscriptions, registration fees for qualifications and annual centre fees. Income is allocated to each accounting period in accordance with accounting policy. The setting of the recognition methods and periods is an area where judgement is applied, and this is undertaken by reference to product definitions, and individual sales contracts.

**Income and cost allocation to charitable purpose** – the allocation of income and costs to charitable purposes is an area where judgement is applied and this is undertaken by reference to knowledge of the activities undertaken and to historic data trend.

**Actuarial assumptions in respect of defined benefit pension scheme** – the application of actuarial assumptions relating to the Institute’s defined benefit pension scheme is incorporated in the accounts in accordance with FRS 102. In setting the assumptions, advice is taken from independent qualified actuaries. These assumptions require significant judgement to be exercised with regard to such areas as future changes in salary and inflation, mortality rates and long-term discount rates.

**Overseas bank accounts** – there are cash balances in some overseas bank accounts that are difficult to access. The total of these balances at the end of the year was £64K. A full provision has been made against these amounts on the basis that some, if not all, of these balances would be recovered in due course. The provision was increased by £22k in the current year.

**Recoverability of amounts owed from MLA** – Up until 30 June 2019 MLA was a wholly owned subsidiary of the Group. At this date, 60% was sold to BAU Limited. While fully owned, the IMarEST provided financial assistance to MLA in the form of loans. Since the partial disposal, the IMarEST continued to provide financial assistance and charged MLA for the services of seconded staff. As a condition of this sale, the purchaser made guarantees of repayment of £800,000 of the loan. As with any debt, the trustees have considered the recoverability of the remaining amounts owed to the Institute. The remaining shareholding was sold on 16 December 2022. The fair value of the debt as at 30 September 2022 matches the proceeds received of £1,320k as per the terms of this latest sale agreement.

## Notes to the Financial Statements

### 1 Donations and legacies

	Unrestricted funds 2022 £	Restricted funds 2022 £	<b>Total funds 2022 £</b>	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Donations	161	1,000	<b>1,161</b>	136	10,000	10,136

### 2 Income from charitable activities

	<b>Unrestricted and total funds 2022 £</b>	Unrestricted and total funds 2021 £
Membership services	<b>1,987,080</b>	1,923,984
Technical Publications & Exhibitions	<b>63,666</b>	114,232
Conferences & functions	<b>156,861</b>	129,525
Marine Partners & members fees	<b>70,021</b>	64,011
Accreditation	<b>133,530</b>	59,419
Technical & Library	<b>20,779</b>	46,370
Support services	<b>30,256</b>	97,906
	<b><u>2,462,193</u></b>	<u>2,435,447</u>

### 3 Investment income

	Unrestricted funds £	Restricted funds £	Endowment funds £	<b>Total funds 2022 £</b>
Listed investments	264,508	8,629	128,523	<b>401,660</b>
Interest income	195	—	—	<b>195</b>
	264,703	8,629	128,523	<b>401,855</b>
Income from associates	57,888	—	—	<b>57,888</b>
	<u>322,591</u>	<u>8,629</u>	<u>128,523</u>	<b><u>459,743</u></b>

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total Funds 2021 £
Listed investments	263,786	8,587	150,026	422,399
Interest income	21	—	—	21
	263,807	8,587	150,026	422,420
Income from associates	22,213	—	—	22,213
	<u>286,020</u>	<u>8,587</u>	<u>150,026</u>	<u>444,633</u>



#### 4 Expenditure on charitable activities

	Direct costs	Support costs	Total 2022	Direct costs	Support costs	Total 2021
	£	£	£	£	£	£
Membership services	589,779	681,180	<b>1,270,959</b>	531,521	839,335	1,370,856
Technical Publications & Books	53,848	87,263	<b>141,111</b>	42,378	98,693	141,071
Conferences & events	208,193	245,871	<b>454,064</b>	108,253	252,106	360,359
Marine Partners & members fees	49,044	234,121	<b>283,165</b>	47,830	111,390	159,220
Accreditation	41,900	130,620	<b>172,520</b>	31,719	73,870	105,589
Technical & Library	145,936	381,240	<b>527,176</b>	201,101	456,693	658,794
Awards	20,255	-	<b>20,255</b>	58,515	-	58,515
	<u>1,108,955</u>	<u>1,760,295</u>	<b><u>2,869,250</u></b>	<u>1,022,317</u>	<u>1,832,087</u>	<u>2,854,404</u>

All of the above expenditure relates to expenditure on unrestricted funds, with the exception of Awards Expenditure, where £19,122 was restricted (2021: £24,161).

Support costs above consist of:

	2022	2021
	£	£
Staff costs	<b>753,384</b>	937,048
Office costs	<b>106,564</b>	74,653
Governance costs	<b>40,787</b>	39,867
Other costs	<b>859,562</b>	780,519
	<b><u>1,760,295</u></b>	<u>1,832,086</u>

Other costs comprise Estates, IT, Marketing, Finance and HR.

#### 5 Staff costs

	2022	2021
	£	£
Wages and salaries	<b>1,106,257</b>	1,282,798
Social security costs	<b>126,899</b>	155,708
Ordinary pension costs	<b>96,886</b>	111,724
	<b><u>1,330,042</u></b>	<u>1,550,230</u>

Wages and salaries above includes £nil redundancy costs.

The average number of employees during the year was allocated as follows (based on estimated time spent on activities in the year on each charitable activity).

	<b>2022</b>	2021
	<b>No.</b>	No.
Membership services	<b>3</b>	3
Technical Publications & Books	<b>1</b>	1
Conferences & events	<b>1</b>	2
Marine Partners & members fees	<b>1</b>	1
Accreditation	<b>2</b>	2
Technical & Library	<b>2</b>	3
Support	<b>10</b>	11
<b>Total</b>	<b>20</b>	23

The number of staff whose total emoluments (excluding employer's pension contribution and employer's national insurance) for the year was over £60,000 is as follows

	<b>2022</b>	2021
	<b>No.</b>	No.
£ 60,001 - £ 70,000	<b>2</b>	2
£ 70,001 - £ 80,000	<b>1</b>	1
£ 80,001 - £ 90,000	<b>1</b>	–
£100,001 - £110,000	<b>1</b>	1
£120,001 - £130,000	–	1
£130,001 - £140,000	–	1
£140,001 - £150,000	<b>1</b>	–

Employer pension contributions in respect of the above higher earners were as follows:

	<b>2022</b>	2021
Contributions to defined contribution schemes, £	<b>57,378</b>	48,612
Number of individuals	<b>6</b>	4

### **Key management personnel and trustees expenses**

Key management personnel during the year comprise the members of the board of trustees, the Chief Executive, , the Finance and Commercial Director, the Sales and Business Development Director, Head of Business Systems and Transformation, Head of Technical, Policy & Content, Head of Marketing & Communications, Head of Membership, and Institute Assistant Secretary.

The total remuneration of key management personnel was £804K (2021: £738K). An internal restructure of key management personnel occurred during the year.

No trustees were remunerated for their role as trustee.

Expenses were reimbursed to the trustees when they were claimed in accordance with the appropriate rules governing the payment of expenses.

	<u>2022</u>	<u>2021</u>
Total expenses claimed, covering travel, subsistence and hotel expenses, £	<u>4,965</u>	-
Expenditure reimbursed relating to events, £	<u>4,090</u>	-
Total claim	<u>9,055</u>	-
No. of trustees reimbursed	<u>7</u>	-

During the year the IMarEST did not receive any donations from the trustees (2021: £nil).

## 6 Related party transactions

The following transactions and balances occurred between the Charity or its wholly owned subsidiaries and other non-wholly owned undertakings.

- *MLA College Ltd (MLA)*: The charity charged the company £Nil (2021: £62,885) for seconded staff, and received credit notes of £14,456 (2021: £5,823). As at 30 September 2022 MLA owed the Group £1,835,491 (2021: £1,849,947), which has been recorded in these financial statements at its recoverable amount of £1,320,000 (see note 12).

The shareholding was sold on 16 December 2022 as detailed in note 19. The table below details the charge to the SOFA for the current financial year in relation to the value of this associate.

Item	£
Accelerated amortisation of negative goodwill (Note 7)	402,727
Write down of debt in year	(250,006)
Associated legal and professional fees incurred	(77,977)
Total credit to statement of financial activities	<u>74,744</u>

- *Marine People Limited*: Dividends totalling £47,857 were received (2021: £40,000) and costs of £5,000 were paid for recruitment services (2021: £Nil). All balances were settled at the year-end.
- *Marine Management (Holdings) Limited (MM(H))*: There was an outstanding account between IMarEST and MM(H) of £27,143 (2021: £65,000). This had arisen following a loan to fund investments in MLA and Marine People.

Other than the above, there were no related party transactions.

## 7 Intangible fixed assets

### Group

	Goodwill		Total £
	Marine People Limited £	Marine Learning Alliance £	
<b>Cost</b>			
At 1 October 2021	108,000	(402,727)	<b>(294,727)</b>
At 30 September 2022	<u>108,000</u>	<u>(402,727)</u>	<u><b>(294,727)</b></u>
<b>Amortisation</b>			
At 1 October 2021	37,800	–	<b>37,800</b>
Charge for year	<u>10,800</u>	<u>(402,727)</u>	<u><b>(391,927)</b></u>
At 30 September 2022	<u>48,600</u>	<u>(402,727)</u>	<u><b>(354,127)</b></u>
<b>Net book values</b>			
At 30 September 2021	70,200	(402,727)	(332,527)
At 30 September 2022	<u><b>59,400</b></u>	<u>-</u>	<u><b>59,400</b></u>

At 30 September 2021, the goodwill of the 40% share in MLA was negative £402,727. As detailed in Note 12 and Note 19, an adjustment has been made in the accounts to reflect a sale of shares and debt which was completed in the following year. Accelerated amortisation has been charged for the negative goodwill which had previously arisen due to trading losses.

The Charity does not have any intangible assets.

## 8 Tangible fixed assets

### Group

	Leasehold acquisition costs £	Furniture, fixtures and fittings £	Business systems and equipment £	Total £
	£	£	£	£
<b>Cost or valuation</b>				
At 1 October 2021	9,250	363,848	928,775	<b>1,301,873</b>
Additions	–	–	7,716	<b>7,716</b>
Disposals	–	–	(298,401)	<b>(298,401)</b>
At 30 September 2022	<u>9,250</u>	<u>363,848</u>	<u>638,090</u>	<u><b>1,011,187</b></u>
<b>Depreciation</b>				
At 1 October 2021	7,403	311,631	837,665	<b>1,156,699</b>
Charge for year	<u>1,517</u>	<u>45,173</u>	<u>29,372</u>	<u><b>76,062</b></u>
Depreciation on disposals	–	–	(298,401)	<b>(298,401)</b>
At 30 September 2022	<u>8,920</u>	<u>356,804</u>	<u>568,636</u>	<u><b>934,360</b></u>
<b>Net book values</b>				
At 30 September 2021	1,847	52,217	91,110	145,174
At 30 September 2022	<u><b>330</b></u>	<u><b>7,044</b></u>	<u><b>69,454</b></u>	<u><b>76,827</b></u>

## Charity

	Leasehold acquisition costs £	Furniture, fixtures and fittings £	Business systems and equipment £	Total £
<b>Cost or valuation</b>				
At 1 October 2021	9,251	363,848	920,604	<b>1,293,703</b>
Additions	-	-	7,716	<b>7,716</b>
Adjustments	(1)	-	-	<b>(1)</b>
Disposals	-	-	(298,401)	<b>(298,401)</b>
<b>At 30 September 2022</b>	<u>9,250</u>	<u>363,848</u>	<u>629,919</u>	<u><b>1,003,017</b></u>
<b>Depreciation</b>				
At 1 October 2021	7,403	310,196	832,083	<b>1,149,682</b>
Charge for year	1,517	45,173	28,442	<b>75,132</b>
Depreciation on disposals	-	-	(298,401)	<b>(298,401)</b>
<b>At 30 September 2022</b>	<u>8,920</u>	<u>355,369</u>	<u>562,124</u>	<u><b>926,413</b></u>
<b>Net book values</b>				
At 30 September 2021	1,848	53,652	88,521	144,021
At 30 September 2022	<u><b>330</b></u>	<u><b>8,479</b></u>	<u><b>67,795</b></u>	<u><b>76,604</b></u>

All tangible fixed assets are held at cost.

The Institute also holds a collection of heritage assets which relate to the history of the Institution itself and the wider history of Marine Engineering, Science and Technology. Part of the collection is on loan to the South Shields Marine School.

Due to the fact that reliable cost information or comprehensive valuations are not readily available for these assets, and that such information cannot be obtained at a cost commensurate with the benefit to the users of the accounts and to the IMarEST, the values were written down to £nil in FY21 and are retained at that value.

The Trustees recognise the importance of the collection, which they will continue to maintain, and will recognise any expenditure which is required to preserve or prevent deterioration of individual collection items in the income and expenditure account when it is incurred. Expenditure in the current year totals £Nil (2021: £2,650).

## 9 Investments

	Note	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Listed investments	a	<b>11,592,394</b>	13,481,953	<b>11,592,310</b>	13,481,953
Investments in associates	b	<b>144,548</b>	134,517	-	-
Subsidiary undertakings	c	-	-	<b>30,000</b>	30,000
Works of art	d	-	-	-	-
		<u><b>11,736,942</b></u>	<u>13,616,470</u>	<u><b>11,622,310</b></u>	<u>13,511,953</u>

## a) Listed investments

Group & Charity	2022 £	2021 £
Market value at 1 October	<b>13,412,540</b>	13,112,835
Additions at cost	<b>6,606</b>	8,589
Disposals (proceeds £250,000; gain £35,429)	<b>(214,571)</b>	(431,136)
Net unrealised(losses) gains on revaluation	<b>(1,715,914)</b>	722,252
Market value at 30 September	<b>11,488,661</b>	13,412,540
Cash held with investment managers	<b>103,733</b>	69,413
Total listed investments	<b>11,592,394</b>	13,481,953
Cost at 30 September	<b>11,621,548</b>	11,829,703

## b) Investments in associates

Group	Marine People Limited £	Marine Learning Alliance £	2022 £
At 1 October 2021	54,517	80,000	<b>134,517</b>
Net income from associates	57,889	—	<b>57,889</b>
Adjustments to carrying value	<u>(47,857)</u>	<u>—</u>	<b><u>(47,857)</u></b>
At 30 September 2022	<u>64,549</u>	<u>80,000</u>	<b><u>144,549</u></b>

Marine People Limited is a company registered in England and Wales (Company Registration No. 10632568). The company is a marine specialist permanent recruitment agency. Marine Management (Holdings) Limited has 30% ownership of Marine People Limited. During the financial year ending 30 September 2022, the Group received a £47,857 dividend from the company (2021: £40,000).

MLA College Ltd is a company registered in England and Wales (Company Registration No. 09188277). The company is a provider of marine related e-learning. Marine Management (Holdings) Limited has 40% ownership of MLA College Ltd. The shareholding was sold in December 2022. Notes 7, 12 and 19 provide further information.

## c) Subsidiary undertakings

The following subsidiaries are part of the Group.

Name	Nature of business	Parent	Holding	Share capital, £	Address of registered office
Marine Management (Holdings) Limited (MM(H))	Holding Company	IMarEST	100%	30,000	1 Birdcage Walk, London, England, SW1H 9JJ
MAREST (S) PTE Limited	Membership	MM(H)	100%	26,548	16 Raffles Quay, #33-03 Hong Leong Building, Singapore
Marine Exhibitions Limited	Events	MM(H)	100%	10,000	1 Birdcage Walk, London, England, SW1H 9JJ

A summary of the results of each entity is shown below. Marine Exhibitions Limited was dormant in the current and preceding period, and the share capital remains unpaid.

	<b>Marine Management (Holdings) Limited (MM(H))</b>		<b>MAREST (S) PTE Limited</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>£</b>	£	<b>£</b>	£
Total income	<b>47,858</b>	40,000	<b>153,569</b>	159,276
Cost of sales	-	-	-	-
Other operating expenses	<b>(1,538)</b>	(4,066)	<b>(154,899)</b>	(154,398)
Profit before tax	<b>46,320</b>	35,934	<b>(1,857)</b>	4,878
Taxation	-	-	-	-
Retained profit (losses) for the year	<b>46,320</b>	35,983	<b>(1,330)</b>	4,878
Retained profit (losses) at 30 September	<b>184,407</b>	138,087	<b>(26,867)</b>	(25,537)

### **Marine Management (Holdings) Limited**

Marine Management (Holdings) Ltd, a company registered (Company registration 01100685) in England and Wales is the parent company of MAREST (S) PTE Ltd and Marine Exhibitions Ltd. The IMarEST is the ultimate parent company, owning the entire share capital of Marine Management (Holdings) Ltd. This company itself did not trade during the year, the board maintains its duties as the parent to MAREST (S) PTE Ltd and Marine Exhibitions Ltd and its reported expenditure consists of minor administration/filing charges.

### **MAREST (S) PTE Limited**

MAREST (S) PTE Limited, incorporated on 13 August 2012, is registered in Singapore (201220044C) and is a 100% subsidiary of Marine Management (Holdings) Ltd. The IMarEST owns the entire share capital of Marine Management (Holdings) Limited, a company registered in England and Wales. The principal activity of the company is support for the delivery of IMarEST's charitable purposes in the Asia Pacific region.

### **Marine Exhibitions Limited**

Marine Exhibitions Ltd was incorporated on 25 September 2014 (Company registration 09235513). It is a 100% owned subsidiary of Marine Management (Holdings) Limited, of which the IMarEST owns the entire share capital. The principal activities of the company are those relating to the delivery of conferences, exhibitions and symposia. The company did not trade during the financial year.

### **d) Works of art**

As detailed in note 8, the Trustees have concluded that reliable cost information or comprehensive valuations are not readily available for these assets, and such information cannot be obtained at a cost commensurate with the benefit to the users of the accounts and to the IMarEST. Therefore, they were written down to £nil in 2021 and are retained at that value.

## 10 Statement of total returns

	Endowment £	Unapplied Total Return £	Total Funds 2022 £	Total Funds 2021 £
<b>30 September 2021</b>				
Permanent Endowment	3,044,472	-	<b>3,044,472</b>	3,044,472
Unapplied total return	-	1,506,789	<b>1,506,789</b>	1,546,406
	3,044,472	1,506,789	<b>4,551,261</b>	4,590,878
<b>Movements in the reporting period:</b>				
Investment return: dividends and interest	-	128,523	<b>128,523</b>	150,026
Investment return: realised and unrealised (losses) gains	-	(620,254)	<b>(620,254)</b>	120,383
	-	(491,731)	<b>(491,731)</b>	270,409
Unapplied total return allocated to income in the reporting period	-	(378,523)	<b>(378,523)</b>	(350,026)
<b>Net movements in reporting period</b>	-	(870,254)	<b>(870,254)</b>	(79,617)
<b>30 September 2022</b>				
Permanent Endowment	3,044,472	-	<b>3,044,472</b>	3,044,472
Unapplied total return	-	636,535	<b>636,535</b>	1,466,789
	3,044,472	636,535	<b>3,681,007</b>	4,511,261

The total return allocated to income in the period was transferred to the general funds of the Institute.

## 11 Debtors due within one year

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Trade debtors	<b>33,139</b>	77,594	<b>16,380</b>	66,123
Other debtors	<b>81,149</b>	203,491	<b>72,565</b>	195,148
Prepayments	<b>88,093</b>	141,394	<b>77,071</b>	137,768
Amount due from associates	<b>1,320,000</b>	-	<b>1,320,000</b>	-
Accrued income	<b>221,772</b>	51,891	<b>216,263</b>	39,185
	<b>1,744,153</b>	474,370	<b>1,702,279</b>	438,224



## 12 Debtors due in more than one year

	<b>Group 2022</b>	Group 2021	<b>Charity 2022</b>	Charity 2021
	£	£	£	£
Amount due from group undertakings	-	-	<b>37,142</b>	83,087
Amount due from associates	-	1,584,462	<b>7,944</b>	1,584,46
	<b>-</b>	1,584,462	<b>45,086</b>	1,667,499

Due to the post year end sale of the Group's interest in MLA College (note 19) the debt previously due to be recovered over multiple years has been reclassified as due within one year. The debt, which was previously discounted to its net present value, has been adjusted to its recoverable amount. The below table summarises total value of the associated debt in the current and prior year at the values recorded in these financial statement.

	<b>Group 2022</b>	Group 2021	<b>Charity 2022</b>	Charity 2021
	£	£	£	£
Amounts due from Associates within one year	<b>1,320,000</b>	-	<b>1,320,000</b>	
Amounts due from Associates in more than one year	-	1,584,462	-	1,584,462
	<b>1,320,000</b>	1,584,462	<b>1,320,000</b>	1,584,482

## 13 Creditors: amounts falling due within one year

	<b>Group 2022</b>	Group 2021	<b>Charity 2022</b>	Charity 2021
	£	£	£	£
Trade creditors	<b>114,641</b>	145,187	<b>107,865</b>	138,579
Other creditors	<b>211,675</b>	231,791	<b>212,001</b>	231,791
Tax and National Insurance	<b>35,173</b>	38,126	<b>32,703</b>	35,786
Accruals	<b>530,326</b>	287,945	<b>518,610</b>	269,811
Members' subscriptions in advance	<b>358,740</b>	451,111	<b>358,740</b>	451,111
Other deferred income	<b>116,862</b>	114,319	<b>71,749</b>	99,802
	<b>1,367,417</b>	1,268,479	<b>1,301,668</b>	1,226,880
<b>Deferred income movement</b>				
Balance at 1 October	<b>565,430</b>	479,714	<b>550,913</b>	462,656
Amount released in the year	<b>(565,430)</b>	(479,714)	<b>(462,656)</b>	(462,656)
Amount deferred in the year	<b>475,602</b>	565,430	<b>430,489</b>	550,913
Balance at 30 September	<b>475,602</b>	565,430	<b>518,746</b>	550,913

## 14 Operating lease commitments

Group	2022		2021	
	Property	Other	Property	Other
	£	£	£	£
Within one year	<b>64,546</b>	<b>2,589</b>	165,938	3,369
Between one and two years	–	<b>2,917</b>	61,375	1,933
Between two and five years	–	<b>7,229</b>	–	5,800
	<b>64,546</b>	<b>12,735</b>	227,313	11,102

Of the above commitments, £40,693 (2021: £174,466) relate to the Charity. As at 30 September 2022, the lease for the charities head office was nearing the end of its term. We have signed a heads of terms for a new lease until 31 March 2024.

## 15 Capital Commitments

The Group and Charity had no capital commitments as at 30 September 2022 (2021: £Nil).

## 16 Auditors' remuneration

Remuneration payable to the group auditor was as follows:

	Group 2022	Group 2021	Charity 2022	Charity 2021
	£	£	£	£
Financial statements audit current year	<b>31,773</b>	30,448	<b>29,295</b>	29,324
Financial statements audit prior year	<b>3,000</b>	(1,995)	<b>3,000</b>	-
HR Services	<b>4,900</b>	-	<b>4,900</b>	-
VAT & Tax Advice / Services	<b>600</b>	4,850	-	3,600
	<b>40,273</b>	33,303	<b>37,195</b>	32,924

## **17 Pension schemes**

The Group operates a defined benefit and a defined contribution pension scheme. The defined benefit scheme was closed to new entrants and to future service accrual on 5 April 2002. The defined contribution pension scheme was introduced on 5 April 2002 for the benefit of all staff.

The Institute's total contributions to the defined benefit scheme were £300,000 (2021: £250,000).

### ***Defined benefit pension scheme***

In preparing these financial statements, the Institute has fully complied with the Financial Reporting Standard 102: "Retirement Benefits" issued by the Accounting Standards Board.

Benefits under the IMarEST Retirement Benefits Scheme (RBS) are based on employees' final remuneration and length of service. All assets of the scheme are held separately from those of the Institute in independently administered funds. The pension expense charged to the statement of financial activities makes no allowance for actuarial gains and losses during the year.

The RBS is in deficit and a recovery plan agreed with the Trustees of the RBS every three years.

In addition to the £300,000 contribution, administrative and other expenses of the scheme and the Pension Protection Fund levy are paid separately by the Institute. These costs amounted to £121,836 (2021: £121,836 )

In preparing these financial statements, the Institute has fully complied with the Financial Reporting Standard 102: "Retirement Benefits" issued by the Accounting Standards Board.

The actuary has computed the following information with respect to the financial position of the scheme as at 30 September 2022:

<b>Group and charity</b>	<b>2022</b> <b>£'000</b>	2021 £'000
Fair value of scheme assets	<b>8,460</b>	13,473
Defined benefit obligation	<b>(10,218)</b>	(15,610)
Net defined benefit (liabilities) assets	<b>(1,758)</b>	(2,137)
Restriction on asset recognised at year end	–	–
Net amount recognised at year end	<b>(1,758)</b>	(2,137)

The amount recognised in the Statement of Financial Activities was:

	<b>2022</b> <b>£'000</b>	2021 £'000
Interest cost	<b>(40)</b>	(56)
Current and past service cost	–	–
Total recognised in income and expenditure	<b>(40)</b>	(56)
Return on scheme assets	<b>(5,051)</b>	392
Actuarial gains (losses)	<b>5,176</b>	1,041
Total amount recognised in statement of financial activities	<b>85</b>	1,377

Changes in the value of scheme assets were as follows:

	<b>2022</b> <b>£'000</b>	2021 £'000
At start of the year	<b>13,473</b>	12,998
Benefits paid	<b>(526)</b>	(365)
Administrative expenses	<b>(6)</b>	
Contribution from the employer	<b>300</b>	250
Interest income (expense)	<b>270</b>	198
Return on assets	<b>(5,051)</b>	392
At end of the year	<b>8,460</b>	13,473

Changes in the value of scheme liabilities were as follows:

	<b>2022</b> <b>£'000</b>	2021 £'000
At start of the year	<b>(15,610)</b>	(16,762)
Benefits paid	<b>526</b>	365
Interest income (expense)	<b>(310)</b>	(254)
Past service cost (expense)	–	–
Actuarial gains (losses)	<b>5,176</b>	1,041
At end of the year	<b>(10,218)</b>	(15,610)

The major categories of scheme assets are as follows:

	2022		2021	
	£'000	%	£'000	%
Return Seeking funds	<b>6,705</b>	<b>79</b>	9,153	68
Fixed Interest Gilts	<b>512</b>	<b>6</b>	1,414	10
Index Linked Gilts	<b>102</b>	<b>1</b>	790	6
Hybrid gift fund	<b>821</b>	<b>10</b>	2,132	16
Cash	<b>320</b>	<b>4</b>	(16)	—
	<b>8,460</b>	<b>100</b>	13,473	100

Principal actuarial assumptions used:

	2022	2021
	%	%
Discount rate	<b>5.23</b>	2.02
Inflation assumption – Retail price inflation	<b>3.67</b>	3.42
Inflation assumption – Consumer price inflation	<b>2.87</b>	2.62
Revaluation of deferred pensions – Deferred revaluation	<b>3.67</b>	3.42
Increase for pension payment		
. Benefits accrued prior to 1 October 1999	<b>5.00</b>	5.00
. Benefits accrued after 1 October 1999	<b>3.83</b>	3.66
. Benefits accrued after 1 October 2005	<b>2.43</b>	2.40
Proportion of members opting for early retirement	—	—
Proportion of members commuting maximum allowable pension for cash at retirement	<b>85.00</b>	85.00

Assuming retirement at age 65, life expectancy in years are as follows:

	2022	2021
Male currently aged 65	<b>86.3</b>	86.2
Female currently aged 65	<b>88.3</b>	88.2
Male currently aged 45	<b>87.3</b>	87.2
Female currently aged 45	<b>89.6</b>	89.4

## 18 Movement in Funds

Group	At 1 October 2021 £	Income £	Expenditure £	Gains and losses £	Transfers £	At 30 September 2022 £
Unrestricted funds						
General funds	<b>9,461,684</b>	2,777,230	(2,953,322)	(1,036,790)	378,523	<b>8,627,325</b>
Designated funds						
Tangible fixed assets fund	<b>145,174</b>	7,715	(76,062)	–	–	<b>76,827</b>
Overseas cash	<b>90,403</b>	–	–	–	–	<b>90,403</b>
Pension reserve	<b>(2,137,000)</b>	–	254,000	125,000	–	<b>(1,758,000)</b>
Restricted funds						
Awards and scholarships	<b>283,533</b>	9,629	(19,122)	(40,661)	–	<b>233,379</b>
Endowment funds	<b>4,551,261</b>	128,523	–	(620,254)	(378,523)	<b>3,681,007</b>
	<b>12,395,056</b>	<b>2,923,097</b>	<b>(2,794,506)</b>	<b>(1,572,706)</b>	<b>–</b>	<b>10,950,941</b>

Charity	At 1 October 2021 £	Income £	Expenditure £	Gains and losses £	Transfers £	At 30 September 2022 £
Unrestricted funds						
General funds	<b>9,752,027</b>	2,671,511	(3,297,220)	(1,035,051)	378,523	<b>8,469,790</b>
Designated funds						
Tangible fixed assets fund	<b>144,021</b>	7,715	(75,132)	–	–	<b>76,604</b>
Overseas cash	<b>90,403</b>	–	–	–	–	<b>90,403</b>
Pension reserve	<b>(2,137,000)</b>	–	254,000	125,000	–	<b>(1,758,000)</b>
Restricted funds	–	–	–	–	–	–
Awards and scholarships	<b>283,533</b>	9,629	(19,122)	(40,661)	–	<b>233,379</b>
Endowment funds	<b>4,551,261</b>	128,523	–	(620,254)	(378,523)	<b>3,681,007</b>
	<b>12,684,245</b>	<b>2,817,378</b>	<b>(3,137,474)</b>	<b>(1,570,966)</b>	<b>–</b>	<b>10,793,183</b>

Transfer between funds represent the application of total return on endowment funds (note 10) and movements on designated funds.

### Purpose of funds

#### Designated funds

The trustees have earmarked part of the charity's unrestricted funds as designated funds to be used for the following particular purposes in the future.

The tangible fixed assets fund represents the net book value of the tangible fixed assets owned by the group, excluding historic assets and memorabilia (which are restricted funds). Such assets are vital to the group being able to carry out its charitable work and the value invested in the assets cannot, therefore, be realised in order to meet future expenditure or contingencies. To emphasise this point the net book value of the assets is represented by a specific tangible fixed assets fund.

The designated overseas cash fund was created on 30 September 2014 in respect of those cash at bank balances which cannot be readily transferred to UK and as such are not available to the trustees for charitable purposes.

### Restricted funds

The Awards and Scholarships Funds were established via donations and legacies received over the course of time to create separate funds specifically available for rewarding excellence within the field of marine engineering, science and technology. Income arising from these funds is accumulated in the restricted income fund and is used to fund the prizes and awards.

### Endowment funds

The permanent endowment funds form part of the funds of the Memorial Fund. On 18 September 2018 the Committee of Management of the Memorial Fund (a Permanent Endowment Fund) agreed to adopt a total return on investment approach under section 105 of the Charities Act 2011 for the Memorial Fund and that its core value should remain set at £3,044,472. They further agreed that responsibility for the implementation and oversight of adopting a total refund basis should be delegated to the Institute's Finance & Investment Committee.

### Net assets between funds

Group	Endowment funds £	Restricted funds £	Unrestricted funds			2022 Total funds
			Designated funds £	General funds £	Pension reserve £	
Intangible fixed assets	–	–	–	59,400	–	59,400
Tangible fixed assets	–	–	76,827	–	–	76,827
Investment assets	3,681,007	233,378	90,403	7,732,153	–	11,736,942
Net current liabilities	–	–	–	835,772	–	835,772
DBS pension liability	–	–	–	–	(1,758,000)	(1,758,000)
	<b>3,681,007</b>	<b>233,378</b>	<b>167,230</b>	<b>8,627,325</b>	<b>(1,758,000)</b>	<b>10,950,941</b>

Group	Endowment funds £	Restricted funds £	Unrestricted funds			2021 Total funds
			Designated funds £	General funds £	Pension reserve £	
Intangible fixed assets	–	–	–	70,200	–	70,200
Tangible fixed assets	–	–	145,174	–	–	145,174
Investment assets	4,551,261	283,533	90,403	9,873,007	–	14,798,204
Net current liabilities	–	–	–	(481,523)	–	(481,523)
DBS pension liability	–	–	–	–	(2,137,000)	(2,137,000)
	<b>4,551,261</b>	<b>283,533</b>	<b>235,577</b>	<b>9,461,685</b>	<b>(2,137,000)</b>	<b>12,395,056</b>

## 19 Post Balance Sheet Events

On 16 December 2022, the Institute and MM(H) completed a transaction to sell the debt and shareholding relating to MLA College. Total sale proceeds of £1.4M were split £1,320k for the debt and £80k for the shareholding, and the valuations in the accounts reflect these figures.

## 20 Comparative consolidated statement of financial activities

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2021 £
<b>Income</b>					
Donations and legacies	1	136	10,000	–	<b>10,136</b>
Charitable activities	2	2,435,447	–	–	<b>2,435,447</b>
Investment income	3	263,807	8,587	150,026	<b>422,420</b>
Income from associates	3	22,213	–	–	<b>22,213</b>
<b>Total income</b>		<b>2,721,603</b>	<b>18,587</b>	<b>150,026</b>	<b>2,890,216</b>
<b>Expenditure</b>					
Charitable activities	4	2,830,243	24,161	–	<b>2,854,404</b>
<b>Total expenditure</b>		<b>2,830,243</b>	<b>24,161</b>	<b>–</b>	<b>2,854,404</b>
<b>Net (expenditure) income before investment gains and losses</b>		<b>(108,640)</b>	<b>(5,574)</b>	<b>150,026</b>	<b>35,812</b>
Gains on listed investments	9a	611,695	15,438	120,383	<b>747,516</b>
<b>Net income</b>		<b>503,055</b>	<b>9,864</b>	<b>270,409</b>	<b>783,328</b>
Transfers between funds	18	359,799	(9,773)	(350,026)	<b>–</b>
<b>Net income (expenditure) before other recognised gains and losses</b>		<b>862,854</b>	<b>91</b>	<b>(79,617)</b>	<b>783,328</b>
Actuarial gains on defined benefit pension scheme		1,433,000	–	–	<b>1,433,000</b>
Loss arising from memorabilia write down	8	–	(107,730)	–	<b>(107,730)</b>
Foreign exchange losses		(9,896)	–	–	<b>(9,896)</b>
<b>Net movement in funds</b>		<b>2,285,958</b>	<b>(107,639)</b>	<b>(79,617)</b>	<b>2,098,702</b>
<b>Reconciliation of funds</b>					
Total funds brought forward at 30 September		5,274,304	391,172	4,630,878	<b>10,296,354</b>
Total funds carried forward at 30 September		7,560,262	283,533	4,551,261	<b>12,395,056</b>



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Philip Parvin  
Louise Rigby (from July 2022)  
Parviz Sangin

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**Commercial & Finance Director**

Sue Arnold

**Institute Assistant Secretary**

Margaret Marchetti

**Head of Membership & Partner Services**

Richard Goldsbrough (to December 2022)

Susan Foster (from February 2022)

**Head of IT & Business Systems**

Ronnie Van De Laak

**Head of Marketing & Communications**

Anshie Patel

**Head of Technical, Policy & Content**

Daniel Stoker (to June 2022)

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John Blacklock  
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Barry Brooks  
John Butler  
Matthew Bolton (to March 2022)  
Anna-Marie Chaffey  
Yves De Leeneer  
Stephen de Mora  
William Doyle  
Robert Fitzsimmons  
David Gan (to March 2022)  
Bradley Golden  
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Philip Parvin  
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Richard Wakefield (to March 2022)  
Mike Watt (from March 2022)  
Elisabeth Wilson (from March 2022)

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