



**Annual Report of the Council and  
Financial Statements for the year ended  
31 December 2018**

Registered charity number 1097899

**Council, Officers and Committee Chairs**

**Council and Officers**

**President**

Malcolm Brinded CBE FREng FEI

**President Elect**

Steve Holliday FREng FEI

**Vice-Presidents**

Dr Bernard Bulkin OBE FEI

Dr Vivienne Cox CBE FEI

**Honorary Secretary**

Michael Parker CBE FEI

**Honorary Treasurer**

Belinda Mindell FCA FEI

**Young Member Representative**

Sinead Obeng AMEI

**Other Members of Council**

Dr Ibilola Amao FEI

Prof John Currie CEng FEI

Dr Boma Douglas CEng MEI

Andrew Hadland AMEI

James MacRae FEI

Alastair Robertson CEng MEI

Paul R. Smith FEI

Emily Spearman CEng MEI

Dr Joanne Wade OBE FEI

Dr Waddah S. Ghanem Al Hashmi FEI

Prof Simon O'Leary CEng FEI

*Committees*

*NC*

*HR*

*FA*

*YPC*

*PAC*

*STAC*

*HR*

*PAC*

*EAP*

**Senior Management**

**Chief Executive**

Louise Kingham OBE FEI

**Good Practice Director**

Martin Maeso CEnv MEI

**Development Director**

Marta Kozłowska MEI

**External Affairs Director**

Nick Turton

**Finance Director**

Ava Longhurst DChA

**Main Committee Chairmen**

**Human Resources Committee (HR)**

Michael Parker CBE FEI

**Finance and Audit Committee (FA)**

Belinda Mindell FCA FEI

**Professional Affairs Committee (PAC)**

Emily Spearman CEng MEI

**Scientific and Technical Advisory Committee (STAC)**

James MacRae FEI

**Energy Advisory Panel (EAP)**

Dr Joanne Wade OBE FEI

**Nominations Committee (NC)**

President

**Young Professionals Council (YPC)**

Sinead Obeng AMEI

**Disciplinary Committee**

To be appointed by Council as required

**Appeals Committee**

To be appointed by Council as required

**Other information**

**Registered Office**

61 New Cavendish Street, London W1G 7AR, UK

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e: [info@energyinst.org](mailto:info@energyinst.org)

[www.energyinst.org](http://www.energyinst.org)

Registered charity number 1097899

Incorporated by Royal Charter 1 July 2003

Licensed by the Engineering Council (UK) to register engineers and technicians

Licensed by the Science Council (UK) to register Chartered Scientists

Licensed by the Society for the Environment to register Chartered Environmentalists

**Bankers**

Lloyds TSB Bank Plc, 324 Regent Street, London W1B 3BL

**Investment Managers**

Sarasin & Partners LLP

Juxon House, 100 St Pauls Churchyard, London EC4M 8BU

**Solicitors**

Hempsons

40 Villiers Street, London WC2 6NJ

**Auditor**

Haysmacintyre LLP

10 Queen Street Place, London EC4R 1AG

**Pensions Adviser**

Noble Johnson

Arle Court, Hatherley Lane, Cheltenham Gloucestershire GL51 0TP

## Council Report for the year ended 31 December 2018

Council presents its Report and the Financial Statements for the year ended 31 December 2018.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Reference and administrative details

Legal and administrative information is set out on page 1 and forms part of this report.

#### Establishment and legal structure

The Energy Institute (EI) was incorporated by Royal Charter on 1 July 2003 and is a registered charity, number 1097899. The EI is governed in accordance with the Royal Charter and Byelaws. The Financial Statements have been prepared in accordance with the requirements of the Royal Charter, the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2015) and other relevant statutory requirements.

#### Governance

The Council of the EI is its governing body and consists of elected and appointed members of the EI.

The Council of the EI has the following membership:

- the President, the Honorary Secretary and the Honorary Treasurer
- other such officers as the EI may determine
- up to 6 elected individual members of the EI
- up to 3 individuals co-opted by Council
- up to 3 individual members of the EI, nominated by Branches.

The Chief Executive attends meetings of Council in a non-voting capacity. Members are elected or appointed to the Council and remain so until their term of office, determined by Council regulations, concludes. The members of Council at the date of this report are shown on page 1. All served throughout the year with the exception of Prof Simon O'Leary CEng FEI, Sinead Obeng AMEI and Dr Waddah S. Ghanem Al Hashmi FEI who were appointed to Council at the AGM on 4 July 2018. Christopher Boocock CEng FEI and Dr Ceri Powell FEI retired from Council in February 2018, and the following retired from Council at the AGM on 4 July 2018: Carl D. Hughes FCA FEI, Jaz Rabadia MBE MEI Chartered Energy Manager, and Prof Jim Skea CBE FEI.

Members of the Council are also the trustees in accordance with charity law and provide strategic direction for the Charity. Trustees are appointed and elected via various routes and all new members undergo a comprehensive induction and where appropriate external trustee training is also provided.

The Council has the power (under Bye-law 45) to establish, regulate and dissolve committees and delegate its powers and functions (other than the power to make regulations or its non-delegable powers as a body of trustees) to such committees. Three mandatory committees operate and report quarterly to Council, namely Finance and Audit, Human Resources and Professional Affairs. The Scientific and Technical Advisory Committee also reports to Council and is directly represented via the co-option of its Chairman to Council. Similarly, the Energy Advisory Panel reports to Council and is chaired by a member of Council.

EI is managed on a day-to-day basis by the Chief Executive assisted by staff of appropriate qualification and experience. The Council monitors performance on a quarterly basis.

The EI's remuneration policy objective is to ensure the staff and the key management personnel are rewarded in a fair and responsible manner for their contribution to the success of the EI and provided with appropriate incentives to encourage enhanced performance. It is the intention of the EI to reward staff in a way which ensures it attracts and retains the right skills to have the greatest impact in delivering its charitable objectives. In setting an appropriate salary structure the EI takes account of information on movements in prices and salaries in central London; salaries in the charity and commercial sectors; and, the EI's charitable status and financial position.

The EI consists of individual members and company members, having such qualifications and rights as are determined by the Bye-laws in force.

#### Branches and subsidiaries

The EI provides grants and administrative support and guidance to a number of branches that operate autonomously both within the UK and overseas. The officers of these branches are appointed by the branch memberships of the EI. The EI also owns 3 subsidiary branches in Hong Kong, Nigeria and Singapore. The EI has set up a wholly owned UK subsidiary company, limited by shares. EI Services Limited was incorporated on 17 May 2017. The purpose of the UK company is to administer commercial activities that will contribute to the EI's charitable activities.

#### Major risks

Council has identified and reviewed the major risks to which the EI is exposed. Council is satisfied that appropriate systems have been implemented to mitigate those risks.

Council has identified the following priority risks:

Cyber security disrupting business continuity remains as one of our priority risks. Our members and the information we hold is important to us. With GDPR compliance coming into force in May 2018, the EI undertook an assessment of its key contracts with data providers and processors. A major data housekeeping exercise took place and training was given to staff to ensure compliance and the security of our data and systems. Further cyber security assessments will be taking place help to maintain good practice and mitigate risk.

The uncertainty of Brexit places it as a priority risk for the EI. The impact it has on the energy sector will inevitably have a knock-on effect. The EI will need to monitor closely the industry's response and be ready to react to any pressures on the EI's activities and/or its funding.

The EI and its significance in the energy industry as an independent, safe space for evidence-based collaboration, an honest broker between industry, academia and policy makers, are important to us. That is why we place any damage to the security of its assets, such as infringement on intellectual property rights, loss, damage or attack on EI's reputation as a priority risk. We aim to maintain our high standards and quality content with our external affairs team leading communications in a thoughtful and considered way.

### **PUBLIC BENEFIT**

Members of Council recognise their responsibilities towards public benefit under the requirements of the Charities Act 2011 and have had regard to the guidance from the Charity Commission on public benefit. This requirement is reflected in the Objects of the EI, set out below. The benefits are clear and identifiable. They are available to a wide section of the public who are interested in energy and its implications for society, whilst the broader public benefits derive from the development of safe, secure and a more sustainable supply and use of energy in a way that enables affordable development. These benefits are set out within the appropriate sections of this report.

### **OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES**

The objects of the EI are the promotion for the public benefit of the science of energy and fuels in all applications and uses, including:

- To conduct or promote the conduct of scientific and other research, to publish useful results of such research, and to provide facilities for study, research and education;
- To publish, produce and distribute or assist in the publication, production or distribution of films, recordings, and any form of written, printed or electronic communication and to advertise in any manner;
- To establish and maintain libraries and collections, and provide public access to them, and to collect information whether or not on a basis restricted by agreement with the provider thereof;
- To hold conferences, meetings and seminars and other events and to promote the reading of learned papers;
- To encourage the undertaking of voluntary work in the interests of the EI;
- To develop and promulgate codes of good professional practice, to prescribe standards of education, training and experience in professions or activities related to the objects and to hold examinations and other tests, and to award certificates and diplomas: provided that no such certificate or diploma shall purport to be issued by or under government authority, or purport to be a national qualification, without the prior approval of, or accreditation by, the appropriate department of Government and/or the appropriate devolved administration, or the appropriate regulatory body for qualifications;
- To institute, establish and promote educational and training courses, scholarships grants, awards and prizes.

In addition to its Royal Charter objects, which define the nature of its activities, the EI Council sets a strategy which aims to direct how it works towards achieving those objects. The EI's ambition is that energy, and its critical role in our world, is better understood, managed and valued. The EI's role is to promote and advance knowledge, skills and good practice in energy for society's benefit.

The EI does this by:

- *Raising standards and driving forward energy industry good practice*
- *Developing the skills and recognising the competence of energy professionals*
- *Advancing knowledge and understanding about energy*

The Council approves an annual business plan and budget which supports the 3-year strategy and ensures that the organisational resources required are adequate to meet its needs.

### **Principal activities for the year, achievements and performance**

Alongside our established work, our strategy is leading us into new low carbon sectors, into new parts of the world and into complex public policy debates. Here we outline some of the highlights from 2018:

### **Engagement in the big energy debates**

Special reports

Our Future of Gas report found awareness of fugitive methane emissions is worryingly low among global oil and gas professionals, while our Climate Change Act at 10 report convened a virtual panel of leading influencers to reflect on the impact of the ground-breaking 2008 UK legislation.

#### UK policy

Salient issues in the policy arena were the focus of Energy Barometer 2018, which revealed growing concerns about the energy impacts of Brexit and fresh calls for energy efficiency to be prioritised in pursuit of carbon targets. Topics covered by our responses to policy consultations and regular Energy Policy Debates included energy costs, clean growth, the energy retail sector and CCUS.

#### The next generation

A new Associate Member grade and a Young Professionals Council have been established to give status and voice to those in the early stages of their careers. The EI also participated in the Big Bang Fair as part of the Year of Engineering, polling thousands of children about energy and finding more than a third interested in a job in the sector.

#### Women in energy

New data published at the POWERful Women conference found men occupy almost 9 in 10 UK energy boardroom positions. Meanwhile, the EI's prestigious Cadman Award was awarded to a woman for the first time - to BP Chief Scientist Dr Dame Angela Strank HonFEI.

### Supporting professionals across the energy system

#### Oil and gas standards

More than 50 good practice publications were produced including revisions of industry 'bibles' like the Blue Book guide to filling stations, plus a new series of awareness-raising videos on hazards and aviation fuel handling.

#### Winds of change

A new programme of health and safety work was established with the onshore wind industry, alongside our existing role in offshore wind. Also new guidance to support battery storage developers was initiated.

#### New partners

IBM came on board as the EI's first Knowledge Partner, working with us on a number of projects to improve the quality of the energy debate. VINCI Energies and others were welcomed as company members.

#### Online experience

The new EI website went live, boasting improved functionality, new live chat and richer content including EI Views, Energy Insights and Energy in Conversation series, providing insight and evidence on key energy topics.

### Local and global relevance

#### Recognising the best

Global interest in the EI Awards 2018 matched last year's record, with 120 entries from 29 countries including India, Pakistan, Australia, United States and Saudi Arabia.

#### London flagship events

Big name speakers including the head of the International Energy Agency and the President of OPEC attracted record delegates to IP Week 2018 and the Energy Systems Conference helped cement the EI's place in the debate about our low carbon future.

#### Branching out in the UK

Industry events were hosted in collaboration with our branches around the UK including Asset Management in Aberdeen and the Energy Estuary Conference in Humberside.

#### Global circuit

Major events led by local EI branches attracted world class speakers and record turnouts, including the Hong Kong International Conference, the inaugural Nigeria Sustainability Conference and the second Middle East HSE & Sustainability Forum in collaboration with ENOC.

#### Global training

Quality training in energy management, health & safety and other topics was provided in locations as far and wide as Peru and Myanmar. Agreements on future collaboration have been signed with IET in China and Universiti Teknologi Petronas in Malaysia.

### Investment powers, policy and performance

The powers of Council to manage investments are specified in Bye-law 44. The Council has delegated the management of the investment portfolio to its Finance and Audit Committee.

Its policies are:

- to employ an active investment management strategy; and

- to hold funds required for the day-to-day running of the Energy Institute in interest-paying bank deposit accounts.

The performance of the Energy Institute portfolio for the calendar year 2018, net of management fees, was (4.2)% against a benchmark of (4.9)% and compared with the ARC steady growth charity index of (5.6)%. The Committee regularly reviews the performance of the investment and deposit portfolio and reports to Council on a quarterly basis. Investments are under management by Sarasin & Partners LLP.

## FINANCIAL REVIEW

The financial results for the EI itself are set out in the Statement of Financial Activities on page 10.

During the year the EI's consolidated results comprised income of £7,229,000 and expenditure of £7,586,000.

Unrestricted general reserves, excluding loss on investment, produced an operating surplus of £20,000. The net loss on investments of £239,000 resulted in net expenditure of £219,000. After taking account of movements on restricted reserves and the designated reserves, this resulted in total net expenditure of £626,000. Actuarial gains of £93,000 on the pension scheme contributed to a net deficit in funds of £533,000 for the year.

At the end of 2018, the EI group had net assets of £9,337,000, analysed in the balance sheet set out on page 12. The primary asset is the long leasehold and the refurbishment of the premises at 61 New Cavendish Street.

Listed investments plus cash and bank deposits totalled £3,653,000 at the end of 2018, sufficient to meet the EI's obligations to creditors and restricted funds. There was an increase of £72,000 in the estimated surplus on the pension plan from 2017, this is reflected in the balance sheet under the Financial Reporting Standard 102 as a pension plan surplus of £261,000.

## Operational reserves

The Energy Institute's consolidated free reserves at 31 December 2018 totalled £354,000, representing total unrestricted funds of £6,982,000 less those held in tangible fixed assets of £6,288,000, those designated for particular projects or purposes of £79,000 and excluding the pension reserve of £261,000.

The Council has reviewed the level of free reserves required by the Institute and considered the following:

- The Institute is budgeting a breakeven budget in 2019 and has a history of ensuring that unrestricted income is sufficient to cover committed costs;
- Cash flow forecasts highlight the cyclical pattern where the Institute is cash rich early in the year and then utilises those cash reserves over the course of the year;
- The Institute holds over £3m of liquid investments, the majority of which represent restricted project funding. This core level of investments is unlikely to change significantly in value as amounts utilised are replaced with new amounts received plus the fund is a combination of a large number of individual amounts rendering the likelihood of all being required at once being highly unlikely. Accordingly, the investments provide a risk fund that reduces the amount of free reserves that the Institute would otherwise require.

Based on the factors noted above, the Council has set a policy level of free reserves of between £500,000 and £750,000. The EI's 3 year strategy and plan is aimed at building the reserves to meet the level set by Council.

The current levels and explanations of the purposes for designated funds are described in note 14 to the accounts.

## FUTURE PLANS

The EI has well-developed plans for 2019 to build on progress already made in our priority themes - international growth, policy engagement and supporting the transition to low carbon - and to continue to improve our core knowledge, skills and good practice offer.

### International Growth

The energy world is a global one with centres for energy development in every continent and current EI members located in more than 120 countries. Where natural clusters of members exist, we look to support them by developing our activities locally and building the member community in a sustainable way. Currently approximately 33% of the membership is based outside the UK and this could reasonably increase to 45% by 2020 when balanced with effort to develop UK-based membership. Specific actions for 2019 include:

- Maintain self-sustaining operations in the Middle East, SE Asia and West Africa, with branch business plans covering key events, engagement with existing and potential new company partners and individual members.
- Invest to develop the EI's presence in Beijing, leveraging in particular the EI's new MOU with the IET. Also investigate the potential for 2 other branch pilots.
- Build the visibility of the good practice programme internationally to engage energy companies in its work and build relationships with regulatory authorities.
- Explore software systems that can connect members on a global basis in a private network to build international membership connectedness and cohesion and to reach potential membership internationally.



### **Policy Engagement**

There is a role for the EI to play in supporting policy makers and those that influence the policy design process with knowledge and advice that informs thinking, without taking a position. There is also a role to educate and brief those that influence the quality of the debate on energy matters such as the media, which in turn ultimately reaches the public. By doing this we help to inform decision making and raise the quality of the conversation, positioning the EI as a trusted honest broker, and a safe, neutral place to share knowledge and expertise. Specific actions for 2019 include:

- Produce the 2019 Energy Barometer report in a new format which is largely digital and continue to extend its reach and impact.
- Introduce an EI podcast as a new communication channel.
- Actively contribute EI input into the energy group of the new RAEng Engineering Policy Centre.
- Introduce some attitudinal surveys of key stakeholders to measure how we are progressing our visibility and effectiveness in what we do.
- Support branches in the UK and internationally to improve communication around their activities.

### **Supporting, and positioning EI for, the transition to a lower carbon world**

Our scope allows the energy topics we address to be rich and diverse while our century-old history has determined where our present strengths lie. These should be maintained whilst valued but new topics introduced to widen our appeal and broaden the interest of our existing and potential membership communities to consider our energy future and the drivers that might shape it. Specific actions for 2019 include:

- Implement the new SafetyOn initiative supporting health and safety in onshore wind. Also continue to pursue work on battery storage.
- Engage with existing and potential EI partners to understand priority areas for further diversifying our work.
- EAP to continue to audit topic coverage and ensure new ones are being picked up and addressed in EI activities.
- Continue to invite new Fellows into the membership who are leaders on new opportunity fields.
- Explore partnerships with other organisations to reach groups of employees working in low carbon sectors.
- Produce timely content which can be used to position EI as an enabler and supporter of the transition, contributing to the thought leadership, from IP Week to special reports to podcasts and conferences.
- Review EI Awards categories, judging criteria and routes to nominations to ensure transition-related success can be encouraged and recognised.
- Continue the branch development pilot in the Humber region, to connect with the energy estuary developments, and develop membership.

### **Knowledge, Skills and Good practice**

In addition to our work in these three areas, core business continues delivering for our members, partners, customers and employees. Specific actions for 2019 include:

- Deliver the annual events programme including the Melchett Award and increase participation and access across the programme.
- Produce Energy World and Petroleum Review and take learnings from the readership survey to apply for continuous improvement.
- Introduce a new trainer and content to the oil and gas training offer.
- Complete development of the Level 3 online energy management course.
- Research young professional members' needs around mentoring and recognising their continual professional development.
- Develop mentoring support via a 'buddy system' for those applying for MEI and re-stage the process to distinguish professional membership from chartered title registrations.
- Take a fresh approach to company engagement offering individual member value en-masse.
- Deliver all industry funded good practice programmes across sectors as approved by STAC across health, safety, environment, test methods and aviation and addressing strategic themes such as asset integrity, human factors and process safety for the upstream, downstream oil and gas industry, the power utility industry and the offshore wind industry.
- Co-ordinate the analytical Correlation Schemes.
- Develop a Good Practice Learning from Incidents project and deliver digital content to be used by 'front line' workforce.
- Audit the scale and nature of our volunteer community, and introduce new ways to recognise volunteer commitment and contribution.
- Increase the gender diversity of the membership and determine whether there is a welcome way to collect other diversity data.
- Improve the frequency of staff communications to better 'keep up' with each other in a fully flexible work environment and undertake a staff engagement survey to understand what staff most value about working at the EI.

**COUNCIL'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

Council prepares financial statements for each financial period, which give a true and fair view of the state of affairs of the EI and of the surplus or deficit of the EI for that period. In preparing those financial statements, Council is required to:

- follow applicable accounting standards;
- observe the methods and principles in the Charities SORP;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the EI will continue in business.

Council is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the EI and to enable it to ensure that the financial statements comply with the Royal Charter and the Charities Acts. Council is also responsible for safeguarding the assets of the EI and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditor**

A resolution proposing that Haysmacintyre LLP be re-appointed as auditor to the EI will be proposed at the Annual General Meeting.

*Malcolm Brinded*

**Malcolm Brinded CBE FREng FEI**  
President

9 April 2019

*Belinda Mindell*

**Belinda Mindell FCA FEI**  
Honorary Treasurer



## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ENERGY INSTITUTE

### Opinion

We have audited the financial statements of the Energy Institute for the year ended 31 December 2018, which comprise the Consolidated and Charity Statements of Financial Activities, the Consolidated and Charity Balance Sheet, the Consolidated and Charity Cash Flow Statements and the related notes. These financial statements have been prepared under the accounting policies set out therein. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2018 and of the group's and the parent charity'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 have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of trustees for the financial statements

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

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

### Conclusions relating to going concern

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

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

### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charity, or returns adequate for our audit have not been received from branches not visited by us; or
- sufficient accounting records have not been kept; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Haysmacintyre LLP*

**Haysmacintyre LLP**  
Statutory Auditor

10 Queen Street Place,  
London  
EC4R 1AG

Date: 2 May 2019

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

**Consolidated Statement of Financial Activities for the year ended 31 December 2018**  
 (Including consolidated income and expenditure)

		2018	2018	2018	2018	2017
		Unrestricted		Restricted	Total	Total
	Note	General reserves	Designated reserve	reserves	reserves	reserves
		£'000	£'000	£'000	£'000	£'000
<b>Income:</b>						
<i>Income from charitable activities:</i>						
Members' subscriptions		1,557	-	-	1,557	1,569
Charitable activities		4,242	134	992	5,368	5,502
Other trading activities		181	-	-	181	
	3	5,980	134	992	7,106	7,071
Donations		-	-	-	-	7
Investments		109	-	14	123	127
<b>Total income</b>		<b>6,089</b>	<b>134</b>	<b>1,006</b>	<b>7,229</b>	<b>7,205</b>
<b>Expenditure:</b>						
Charitable activities		5,998	224	1,293	7,515	7,665
Other trading activities		71	-	-	71	-
<b>Total expenditure</b>	4	<b>6,069</b>	<b>224</b>	<b>1,293</b>	<b>7,586</b>	<b>7,665</b>
Net (losses)/gains on investments	9	(239)	-	(30)	(269)	269
<b>Net (expenditure)</b>		<b>(219)</b>	<b>(90)</b>	<b>(317)</b>	<b>(626)</b>	<b>(191)</b>
Transfers between funds		(65)	58	7	-	-
<b>Other recognised gains/(losses):</b>						
Actuarial gains on Pension Plan	13	93	-	-	93	438
<b>Net movement in funds</b>		<b>(191)</b>	<b>(32)</b>	<b>(310)</b>	<b>(533)</b>	<b>247</b>
<b>Reconciliation of funds:</b>						
<b>Total funds brought forward</b>		<b>806</b>	<b>6,399</b>	<b>2,665</b>	<b>9,870</b>	<b>9,623</b>
<b>Total funds carried forward</b>	14	<b>615</b>	<b>6,367</b>	<b>2,355</b>	<b>9,337</b>	<b>9,870</b>

All income and expenditure derive from continuing activities and there are no gains and losses other than those passing through the Statement of Financial Activities.

**Charity Statement of Financial Activities for the year ended 31 December 2018**  
 (Including income and expenditure account)

		2018	2018	2018	2018	2017
		Unrestricted		Restricted	Total	Total
Note		General reserves £'000	Designated reserve £'000	reserves £'000	reserves £'000	reserves £'000
<b>Income:</b>						
<i>Income from charitable activities:</i>						
	Members' subscriptions	1,553	-	-	1,553	1,564
	Charitable activities	4,109	134	992	5,235	5,416
3		5,662	134	992	6,788	6,980
	Donations	110	-	-	110	7
	Investments	109	-	14	123	127
	<b>Total income</b>	<b>5,881</b>	<b>134</b>	<b>1,006</b>	<b>7,021</b>	<b>7,114</b>
<b>Expenditure:</b>						
	Charitable activities	5,881	224	1,293	7,398	7,550
4	<b>Total expenditure</b>	<b>6,047</b>	<b>224</b>	<b>1,293</b>	<b>7,398</b>	<b>7,550</b>
9	Net (losses)/gains on investments	(239)	-	(30)	(269)	269
	<b>Net income/(expenditure)</b>	<b>(239)</b>	<b>(90)</b>	<b>(317)</b>	<b>(646)</b>	<b>(167)</b>
	Transfers between funds	(65)	58	7	-	-
<b>Other recognised gains/(losses):</b>						
13	Actuarial gains on Pension Plan	93	-	-	93	438
	<b>Net movement in funds</b>	<b>(211)</b>	<b>(32)</b>	<b>(310)</b>	<b>(553)</b>	<b>271</b>
<b>Reconciliation of funds:</b>						
	<b>Total funds brought forward</b>	<b>783</b>	<b>6,399</b>	<b>2,665</b>	<b>9,847</b>	<b>9,576</b>
14	<b>Total funds carried forward</b>	<b>572</b>	<b>6,367</b>	<b>2,355</b>	<b>9,294</b>	<b>9,847</b>

All income and expenditure derive from continuing activities and there are no gains and losses other than those passing through the Statement of Financial Activities.

## Consolidated and Charity Balance Sheet as at 31 December 2018

	Note	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
<b>Fixed assets:</b>					
Tangible assets	8	6,288	6,338	6,288	6,338
Investments	9	3,294	3,763	3,294	3,763
<b>Total fixed assets</b>		<b>9,582</b>	<b>10,101</b>	<b>9,582</b>	<b>10,101</b>
<b>Current assets:</b>					
Debtors	10	1,419	1,194	1,150	1,194
Short term deposits		8	417	8	417
Bank and cash		351	421	279	398
<b>Total current assets</b>		<b>1,778</b>	<b>2,032</b>	<b>1,437</b>	<b>2,009</b>
<b>Liabilities:</b>					
Amounts falling due within one year	11	(2,137)	(2,146)	(1,839)	(2,146)
<b>Net current liabilities</b>		<b>(359)</b>	<b>(114)</b>	<b>(402)</b>	<b>(137)</b>
<b>Total assets less current liabilities</b>		<b>9,223</b>	<b>9,987</b>	<b>9,180</b>	<b>9,964</b>
Creditors: falling due after more than 1 year	12	(147)	(306)	(147)	(306)
<i>Net assets excluding pension asset</i>		9,076	9,681	9,033	9,658
Pension Plan surplus	13	261	189	261	189
<b>Total net assets</b>		<b>9,337</b>	<b>9,870</b>	<b>9,294</b>	<b>9,847</b>
<b>The funds of the charity:</b>					
<i>Unrestricted reserves</i>					
General reserve	14	354	617	311	594
Pension reserve		261	189	261	189
Designated reserves		6,367	6,399	6,367	6,399
		6,982	7,205	6,939	7,182
<i>Restricted reserves</i>	14	2,355	2,665	2,355	2,665
<b>Total group and charity funds</b>		<b>9,337</b>	<b>9,870</b>	<b>9,294</b>	<b>9,847</b>

These financial statements were approved and authorised for issue by Council on 9 April 2019 and signed on its behalf by:

*Malcolm Brinded*  
**Malcolm Brinded CBE FREng FEI**  
 President

*Belinda Mindell*  
**Belinda Mindell FCA FEI**  
 Honorary Treasurer

<b>Cash flow Statement for the year ended 31 December 2018</b>	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities:</b>				
Net expenditure for the reporting period (as per the statement of financial activities)	(626)	(191)	(646)	(167)
Losses/(gains) on investments	269	(269)	269	(269)
Investment income	(123)	(127)	(123)	(127)
Depreciation of tangible fixed assets	115	106	115	106
Interest expense	15	25	15	25
(increase)/Decrease in debtors	(257)	1,033	12	1,033
Increase/(decrease) in creditors	15	(876)	(283)	(876)
Non-cash operating movement in pension scheme asset	21	39	21	39
<b>Net cash used in by operating activities</b>	<b>(571)</b>	<b>(260)</b>	<b>(620)</b>	<b>(236)</b>
<b>Cash flows from investing activities:</b>				
Investment income	123	127	123	127
Proceeds from sales of investments	200	400	200	400
Interest expense	(15)	(25)	(15)	(25)
Payments to acquire tangible fixed assets	(65)	(123)	(65)	(123)
<b>Net cash provided by investing activities</b>	<b>243</b>	<b>379</b>	<b>243</b>	<b>379</b>
<b>Cash flows from financing activities:</b>				
Repayments of borrowing	(151)	(142)	(151)	(142)
<b>Net cash used in financing activities</b>	<b>(151)</b>	<b>(142)</b>	<b>(151)</b>	<b>(142)</b>
<b>Change in cash and cash equivalents in the year</b>	<b>(479)</b>	<b>(23)</b>	<b>(528)</b>	<b>1</b>
Cash and cash equivalents at the beginning of the year	838	861	815	814
<b>Cash and cash equivalents at the end of the year</b>	<b>359</b>	<b>838</b>	<b>287</b>	<b>815</b>

**Group analysis of cash and cash equivalents**

	<b>1 January 2018</b>	<b>Cash flow</b>	<b>31 December 2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	421	(70)	351
Short term deposits	417	(409)	8
<b>Total cash and cash equivalents</b>	<b>838</b>	<b>(479)</b>	<b>359</b>

**Charity analysis of cash and cash equivalents**

	<b>1 January 2018</b>	<b>Cash flow</b>	<b>31 December 2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	398	(119)	279
Short term deposits	417	(409)	8
<b>Total cash and cash equivalents</b>	<b>815</b>	<b>(528)</b>	<b>287</b>



**Notes on the financial statements**

**Note 1 - Accounting Policies**

**a) General information**

The Energy Institute is a body incorporated by Royal Charter and is a charity registered with the Charity Commission (charity registration no. 1097899). The registered office address is 61 New Cavendish Street, London W1G 7AR.

**b) Basis of preparation**

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments at market value, and in accordance the Statement of Recommended Practice for Charities (SORP 2015) and applicable accounting standards (FRS 102).

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

**c) Basis of consolidation**

The consolidated financial statements of the Energy Institute incorporate the accounts of the charity and its subsidiary undertakings. The results of the subsidiary undertakings, as shown in note 7, are consolidated on a line by line basis within the consolidated Statement of Financial Activities (SOFA).

The Energy Institute has one associated undertaking in Petroleum Geology Conferences Limited (PGC). The principal activity of the company is to hold periodic petroleum geology conferences in accordance with a joint venture agreement.

In the parent charity accounts the investment in associates is recognised at cost less provision for impairment. FRS 102 requires associated undertakings to be accounted for under the equity method of accounting where the charity's share of the associate's net income or expenditure is recognised in the SOFA and netted off against the carrying amount of the investment in the consolidated accounts. As all profits arising from the activities of PGC are subject to gift aid donations to its shareholders, and reflected within income of the Energy Institute, any variances in the interest in associates under equity accounting is immaterial to the financial statements and therefore the investment is held at cost in both the charity and consolidated financial statements.

**d) Going concern**

The trustees consider that there are no material uncertainties regarding the Institute's ability to continue as a going concern.

**e) Income**

All income is recognised on an accruals basis and excludes Value Added Tax.

The Energy Institute generally raises invoices and sends renewals to individuals for the following financial year's membership fees and other agreed projects before the balance sheet date.

**f) Expenditure**

Expenditure is included on an accruals basis and excludes the related Value Added Tax (except where the Value Added Tax is not recoverable). Resources expended are analysed according to departmental costs incurred.

Support costs consist of central management, property, administration and governance costs. Governance costs consist of those costs associated with meeting the statutory and compliance requirements of the charity. Support costs are allocated to expenditure on charitable activities in accordance with the proportion of staff involved in each direct activity.

**g) Tangible fixed assets and depreciation**

Fixed assets are stated at cost less depreciation. Depreciation is provided on all assets on the straight line method at the following rates calculated to write off over their remaining lives:

Leasehold improvements	1.0% per annum
Plant and equipment	5.0% per annum
Fixtures and fittings	20.0% per annum
ICT assets	33.3% per annum

## Notes on the financial statements

### Note 1 - Accounting Policies (continued)

#### h) Investments

Listed investments are stated at market value. Gains and losses arising from changes in market values are included within the SOFA. Unlisted investments are stated at cost less provision for impairment.

#### i) 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.

#### j) Financial instruments

The Energy Institute only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other receivables and payables and bank loans are initially recognised at transaction value and subsequently measured at their settlement value.

Debt instruments are subsequently measured at amortised cost, using the effective interest method.

#### k) Creditors and provisions

Creditors and provisions are recognised where the charity has 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.

#### l) Pensions

The Energy Institute operates a defined benefit pension plan which is now closed to new entrants. The scheme is funded with the assets held separately from the Energy Institute in separate trustee administered funds.

The asset or liability recognised in the balance sheet is the net of the present value of the pension scheme liabilities and the fair value of the assets held in the scheme. The current service cost of the scheme and net interest costs are charged to staff costs in the SOFA. Actuarial gains and losses are recognised within other recognised gains and losses in the SOFA. The detailed assumptions relating to the valuations of the pension scheme assets and liabilities and movements in the year are included in Note 13.

The Energy Institute also operates stakeholder pension plans for employees for which employer contributions are expensed in the SOFA as payable.

#### m) Foreign currency translation

The Energy Institute's functional and presentation currency is pound sterling. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recognised in the SOFA.

The trading results of overseas subsidiaries are translated into sterling at the average exchange rate for the year. The assets and liabilities of overseas undertakings are translated at the exchange rates ruling at the balance sheet date. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the results at average rates are recognised in the SOFA.

#### n) Fund accounting

Funds held by the Energy Institute are categorised as:

*Unrestricted general* – funds which can be used in accordance with the charitable objects of the Institute at the discretion of Council.

*Unrestricted designated* – funds which have been set aside by the Council for specific purposes.

*Restricted* – funds that can only be used for particular restricted purposes within the objects of the Charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

## Notes on the financial statements

### Note 2 – Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Energy Institute's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Key areas subject to judgement and estimation are as follows:

#### Defined benefit pension scheme liabilities

The Energy Institute has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet as advised by an independent actuarial adviser. The assumptions reflect historical experience and current trends.

An additional area of uncertainty this year is the impact of the requirement for pension schemes to address inequalities in respect of GMP (Guaranteed Minimum Pensions). An additional charge has been incorporated in these financial statements based on the advice of the independent actuary and their experience of other schemes. While management consider this to be an appropriate estimate, the exact impact will be reflected once a more detailed exercise has been undertaken and the approach adopted by the pension plan has been confirmed.

### Note 3 - Incoming resources from charitable and other trading activities

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Membership subscriptions	1,563	1,569	1,558	1,564
Knowledge sharing activities	1,971	1,824	1,790	1,824
Skills development activities	930	1,033	798	947
Good practice activities	2,634	2,620	2,634	2,620
Other	8	25	8	25
	<u>7,106</u>	<u>7,071</u>	<u>6,788</u>	<u>6,980</u>

### Note 4 – 2018 Expenditure on charitable and other trading activities

	Direct costs Staff £'000	Direct costs Other £'000	Support costs £'000	2018 Total £'000
Good practice activities	908	1,847	397	3,152
Knowledge sharing activities	926	697	529	2,152
Skills development activities	584	838	265	1,687
External affairs	199	76	132	407
Charitable activities excluding exceptional cost	<u>2,617</u>	<u>3,458</u>	<u>1,323</u>	<u>7,398</u>
Charitable and other trading expenditure in subsidiaries	-	188	-	188
Group total	<u>2,617</u>	<u>3,646</u>	<u>1,323</u>	<u>7,586</u>

**Notes on the financial statements**

**Note 4 – 2017 Expenditure on charitable activities**

	Direct costs Staff £'000	Direct costs Other £'000	Support costs £'000	2017 Total £'000
Good practice activities	838	2,076	385	3,299
Knowledge sharing activities	878	870	513	2,261
Skills development activities	582	756	257	1,595
External affairs	152	115	128	395
Charity total	2,450	3,817	1,283	7,550
Charitable expenditure in subsidiaries	-	115	-	115
Group total	2,450	3,932	1,283	7,665

**Note 5 – Analysis of support costs**

	2018 £'000	2017 £'000
Support staff costs	736	756
Building facilities and services	252	229
Management & Human Resources	149	83
Finance	69	72
Information Technology	117	143
	1,323	1,283

Included in support costs are governance costs relating to:

Auditor's remuneration	19	15
Actuarial	3	3
Legal and consultancy	11	13
Salaries	5	5
Other	8	8
	46	44

**Note 6 – Staff costs**

Salaries	2,526	2,443
Social security	270	262
Defined contribution pension	69	53
Defined benefit pension service cost	131	126
Redundancy	-	45
Temporary/sub-contract staff	290	229
Other staff related costs	67	48
	3,553	3,206

## Notes on the financial statements

### Note 6 – Staff costs (continued)

The average number of employees was 69 (2017: 68).

The following numbers of staff have salaries above £60,000:	2018	2017
Between £60,000-£70,000	4	4
Between £70,001-£80,000	1	-
Between £80,001-£90,000	1	3
Between £90,001-£100,000	1	-
Between £130,000-£140,000	1	1

Pension contributions paid in respect of these individuals totalled £91,068 (2017: £73,050).

#### Trustees' reimbursed expenses

Due to the nature of the Energy Institute, most Trustees will be associated with organisations which may have a financial relationship with the Energy Institute. Opportunity is given for disclosure of any financial or other interest prior to any Council discussion. Trustees are allowed to be paid according to the Royal Charter for services provided to the Charity. During the year no trustees were remunerated (2017: no trustees). Trustees' expenses for travel and accommodation reimbursed during the year amounted to £5,093 (2017: £4,066) in respect of 5 trustees.

#### Remuneration of key management personnel

The key management personnel of the Energy Institute comprise 5 senior management directors. Total remuneration, employer's national insurance contributions and pensions for these key management personnel were £570,037 (2017: £555,094).

### Note 7 – Subsidiary undertakings

Energy Institute has 3 trading international branch subsidiaries and 1 UK trading subsidiary, which are controlled by the Charity. Energy Institute Hong Kong (Branch) Ltd is incorporated in Hong Kong under the Companies Ordinance and limited by shares wholly owned by the EI. Energy Institute Nigeria is a Company Limited by Guarantee with EI as the sole member. Energy Institute Nigeria is incorporated in Nigeria and registered with the Corporate Affairs Commission. Energy Institute (EI) Singapore Pte Ltd, is incorporated in Singapore as a private limited company and wholly owned by the EI. EI Services Limited was incorporated on 17 May 2017, a wholly owned UK subsidiary company of Energy Institute, limited by shares.

Trading subsidiaries' results	EI Services Ltd	Energy Institute Hong Kong (branch) Ltd	Energy Institute Nigeria Ltd	Energy Institute Singapore Ltd	Total 2018	Total 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	181	109	29	-	319	90
Cost of sales	(16)	(101)	(15)	-	(132)	(106)
Gross profit	165	8	14	-	187	(16)
Admin/other costs	(55)	(7)	(23)	-	(85)	(25)
Trading profit/(loss)	110	1	(9)	-	102	(41)
Grants paid from EI	-	5	26	(2)	29	16
Net income/ (outgoings)	110	6	17	(2)	131	(25)
Amount payable by qualifying charitable donation to Energy Institute	(110)	-	-	-	(110)	-
Retained profit brought forward	-	12	6	6	24	48
Retained profit carried forward and net assets	-	18	23	4	45	23

**Notes on the financial statements****Note 8 - Tangible fixed assets (Group and Charity)**

	Leasehold premises £'000	Leasehold improvements £'000	Plant and equipment £'000	ICT, Fixtures and fittings £'000	Total £'000
<b>a) Cost</b>					
Cost at 1 January 2018	4,250	2,220	273	655	7,398
Additions	-	-	-	65	65
Disposals	-	-	-	(231)	(231)
<b>Cost at 31 December 2018</b>	<b>4,250</b>	<b>2,220</b>	<b>273</b>	<b>489</b>	<b>7,232</b>
<b>b) Depreciation</b>					
Depreciation at 1 January 2018	462	33	79	486	1,060
Charge for the year	-	22	14	79	115
Disposals	-	-	-	(231)	(231)
<b>Depreciation at 31 December 2018</b>	<b>462</b>	<b>55</b>	<b>93</b>	<b>334</b>	<b>944</b>
<b>Net book value at 31 December 2018</b>	<b>3,788</b>	<b>2,165</b>	<b>180</b>	<b>155</b>	<b>6,288</b>
<b>Net book value at 31 December 2017</b>	<b>3,788</b>	<b>2,187</b>	<b>194</b>	<b>169</b>	<b>6,338</b>

The lease on the premises at 61 New Cavendish Street has 940 years to run until its expiry. On 17 September 2002, Jeremy James & Company, estate agents, provided a valuation report on an open market value basis on the premises at 61 New Cavendish Street and valued the premises at £4,250,000. This was the effective cost of the lease when it was transferred to the Energy Institute on 1 July 2003.

**Capital commitments**

There are no capital commitments at 31 December 2018 (2017: None).

**Note 9 – Investments (Group and Charity)**

Alpha Common Investment Fund	£ £'000
<b>Market values</b>	
1 January 2018	3,763
Sales proceeds	(200)
Net loss on revaluation	(269)
<b>31 December 2018</b>	<b>3,294</b>
<b>Historical cost</b>	
1 January 2018	2,769
31 December 2018	2,616

**Unlisted investments**

The Energy Institute has a one third equity interest, represented by 1,000 fully paid ordinary shares of £1, in Petroleum Geology Conferences Limited, which was established in 1999. During the year, the EI acquired 100 ordinary shares of £1, in EI services Ltd.



**Notes on the financial statements****Note 10 – Debtors**

	Group	Charity	Group and Charity
	2018	2018	2017
	£'000	£'000	£'000
Trade debtors	1,095	826	737
Prepayments and accrued income	306	306	408
Taxation and social security	-	-	32
Other debtors	18	18	17
	<b>1,419</b>	<b>1,150</b>	<b>1,194</b>

**Note 11 – Creditors**

	Group	Charity	Group and Charity
	2018	2018	2017
	£'000	£'000	£'000
<b>Amounts falling due within one year</b>			
Bank loans	156	156	149
Trade creditors	484	578	614
Taxation and social security	106	72	147
Accruals and deferred Income	1,391	1,033	1,236
	<b>2,137</b>	<b>1,839</b>	<b>2,146</b>

All amounts received in advance and deferred income relate to the subsequent financial year and are released to income in that year.

**Note 12 – Creditors (Group and Charity)**

	2018	2017
	£'000	£'000
<b>Amounts falling due in more than one year</b>		
Bank loans	147	306
	<b>147</b>	<b>306</b>

In 2015 Energy Institute secured a loan of £750,000 towards the completion of the refurbishment works. £500,000 is a 5-year fixed term loan and £250,000 is a 5-year variable rate loan.

**Note 13 - Retirement benefits****Stakeholder contributions**

The Energy Institute operates defined contribution pension arrangements for employees. Employer contributions made during the period in respect of 63 employees were £69,000 (2017: 56 employees - £53,000).

**Defined benefit pension scheme**

The Energy Institute operates a defined benefit pension scheme, the Energy Institute Pension and Dependants Benefits Plan which has 7 active members. The scheme funds are administered by Trustees and are independent of the Energy Institute's finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuarial adviser. Details in respect of the scheme are provided below. The benefits have been valued by projecting forward the results from the FRS102 disclosures, as at 31 December 2018, making adjustments to reflect benefits paid out of the Plan, additional accrual and differences between the assumptions used at this year-end and those at the previous year-end. The value of the defined benefit liabilities has been measured using the projected unit method. The full actuarial valuation as at 1 January 2017 showed a deficit of £28,000.

**Notes on the financial statements**
**Note 13 - Retirement benefits (continued)**
**Movement in assets during the period**

	<b>31 December 2018</b>			<b>31 December 2017</b>
	<b>% a year</b>			<b>% a year</b>
<b>Principal actuarial assumptions</b>				
Discount rate	2.9%			2.6%
Retail Price Inflation	3.4%			3.4%
Consumer Price Inflation	2.4%			2.4%
Salary growth	2.4%			2.4%
Rate of increases to pensions in payment				
– Price inflation (CPI) subject to a maximum of 2.5% p.a.	1.7%			1.7%
– Price inflation (CPI) subject to a maximum of 3% p.a.	1.9%			1.9%
– Price inflation (CPI) subject to a maximum of 5% p.a.	2.4%			2.4%
– Price inflation (CPI) subject to a maximum of 5% p.a. and a minimum of 3% p.a.	3.5%			3.5%
<b>Demographic assumptions</b>				
Mortality after retirement				
- Base table	S2PXA series year of birth (YOB) tables			S2PXA series year of birth (YOB) tables
- Future improvements	CMI_2017_M/F (1%)			CMI_2016_M/F (1%)
Proportion taking tax free cash	100%			0%
<b>Assumed life expectancy at aged 60</b>				
	<b>Males</b>	<b>Females</b>	<b>Males</b>	<b>Females</b>
Current pensioners	26.3 years	28.4 years	26.5 years	28.4 years
Retiring in 20 years	27.6 years	29.7 years	27.7 years	29.8 years
<b>Changes in fair value of plan assets</b>				
	<b>31 December 2018</b>			<b>31 December 2017</b>
	<b>£'000</b>			<b>£'000</b>
Opening fair value of plan assets	8,407			8,148
Employer contributions	135			87
Employee contributions	21			18
Benefits paid	(275)			(351)
Expenses paid	-			-
Expected return on scheme assets	217			225
Actuarial gain/ (losses) on assets	(430)			280
Closing fair value of plan assets	8,075			8,407
Actual return on plan assets	(213)			505

**Note 13 - Retirement benefits (continued)**
**Movement in assets during the period**

The plan assets are invested in three Legal and General Investment Management funds.

<b>Asset Allocation</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
Diversified Growth Fund	45.3%	45.5%
Bonds	33.1%	33.5%
Gilts	20.5%	20.1%
Cash	0.9%	0.7%
Annuities	0.2%	0.2%

<b>Changes in present value of defined benefit obligation</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	8,218	8,358
Current service cost	167	132
Employee contributions	21	18
Interest cost	213	219
Benefits paid	(275)	(351)
Scheme amendments	(7)	-
Remeasurement loss/(gain) on defined benefit obligation:		
- Impact of experience	23	(480)
- Impact of amended financial assumptions	(498)	405
- Impact of amended mortality assumptions	(48)	(83)
Closing defined benefit obligation	<u>7,814</u>	<u>8,218</u>

**Pension expense**

<b>Analysis of the amount charged to income and expenditure</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	(167)	(132)
Interest on net liability	4	(5)
Past service cost	7	-
	<u>(156)</u>	<u>(137)</u>

The Scheme is closed to new entrants. As a result, the age profile of the active members will tend to rise and under the projected unit method the current service cost will tend to increase with time.

<b>Other comprehensive income</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>£'000</b>	<b>£'000</b>
Actual less expected return on plan assets	(430)	280
Experience gains/(losses) on liabilities	(23)	480
Change in assumptions	546	(322)
Actuarial (loss)/gain recognised in OCI	<u>93</u>	<u>438</u>

<b>Balance sheet position</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>£'000</b>	<b>£'000</b>
Present value of defined benefit obligation	(7,814)	(8,218)
Fair value of plan assets	8,075	8,407
Net defined benefit pension (liability)/asset	<u>261</u>	<u>189</u>

**Notes on the financial statements**
**Note 14 – 2018 Group Reserves**

	1 January 2018	Incoming resources	Resources expended	Transfers and other gains/(losses)	31 December 2018
	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted reserves</b>					
<i>General reserves</i>	617	6,089	(6,048)	(304)	354
<i>Pension reserve</i>	189	-	(21)	93	261
	806	6,089	(6,069)	(211)	615
<i>Designated reserves</i>					
UK WPC reserve	17	18	(17)	-	18
Powerful Women reserve	37	116	(92)	-	61
Fixed asset reserve	6,338	-	(115)	65	6,288
Building project reserve	7	-	-	(7)	-
	6,399	134	(224)	58	6,367
<b>Total unrestricted reserves</b>	7,205	6,223	(6,293)	(153)	6,982
<b>Restricted reserves</b>					
Partner technical projects	1,760	891	(1,201)	-	1,450
Shell hearts and minds	451	95	(80)	-	466
General prize fund	16	6	(9)	7	20
Benevolent fund	438	14	(3)	(30)	419
<b>Total restricted reserves</b>	2,665	1,006	(1,293)	(23)	2,355
<b>Total Reserves</b>	9,870	7,229	(7,586)	(176)	9,337

**Note 14 – 2018 Charity Reserves**

	1 January 2018	Incoming resources	Resources expended	Transfers and other gains/(losses)	31 December 2018
	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted reserves</b>					
<i>General reserves</i>	594	5,881	(5,860)	(304)	311
<i>Pension reserve</i>	189	-	(21)	93	261
	783	5,881	(5,881)	(211)	572
<i>Designated reserves</i>					
UK WPC reserve	17	18	(17)	-	18
Powerful Women reserve	37	116	(92)	-	61
Fixed asset reserve	6,338	-	(115)	65	6,288
Building project reserve	7	-	-	(7)	-
	6,399	134	(224)	58	6,367
<b>Total unrestricted reserves</b>	7,182	6,015	(6,105)	(153)	6,939
<b>Restricted reserves</b>					
Partner technical projects	1,760	891	(1,201)	-	1,450
Shell hearts and minds	451	95	(80)	-	466
General prize fund	16	6	(9)	7	20
Benevolent fund	438	14	(3)	(30)	419
<b>Total restricted reserves</b>	2,665	1,006	(1,293)	(23)	2,355
<b>Total Reserves</b>	9,847	7,021	(7,398)	(176)	9,294

**Notes on the financial statements**
**Note 14 – 2017 Group Reserves**

	1 January 2017	Incoming resources	Resources expended	Transfers and other gains/(losses)	31 December 2017
	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted reserves</b>					
<i>General reserves</i>	455	5,893	(5,849)	118	617
<i>Pension reserve</i>	(210)	-	(39)	438	189
	245	5,893	(5,888)	556	806
<i>Designated reserves</i>					
UK WPC reserve	14	23	(20)	-	17
Powerful Women reserve	21	73	(57)	-	37
Fixed asset reserve	6,321	-	(106)	123	6,338
Building project reserve	-	7	-	-	7
	6,356	103	(183)	123	6,399
<b>Total unrestricted reserves</b>	6,601	5,996	(6,071)	679	7,205
<b>Restricted reserves</b>					
Partner technical projects	2,146	1,067	(1,453)	-	1,760
Shell hearts and minds	428	129	(106)	-	451
General prize fund	43	-	(27)	-	16
Benevolent fund	405	13	(8)	28	438
<b>Total restricted reserves</b>	3,022	1,209	(1,594)	28	2,665
<b>Total Reserves</b>	9,623	7,205	(7,665)	707	9,870

**Note 14 – 2017 Charity Reserves**

	1 January 2017	Incoming resources	Resources expended	Transfers and other gains/(losses)	31 December 2017
	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted reserves</b>					
<i>General reserves</i>	408	5,802	(5,734)	118	594
<i>Pension reserve</i>	(210)	-	(39)	438	189
	198	5,802	(5,773)	556	783
<i>Designated reserves</i>					
UK WPC reserve	14	23	(20)	-	17
Powerful Women reserve	21	73	(57)	-	37
Fixed asset reserve	6,321	-	(106)	123	6,338
Building project reserve	-	7	-	-	7
	6,356	103	(183)	123	6,399
<b>Total unrestricted reserves</b>	6,554	5,905	(5,956)	679	7,182
<b>Restricted reserves</b>					
Partner technical projects	2,146	1,067	(1,453)	-	1,760
Shell hearts and minds	428	129	(106)	-	451
General prize fund	43	-	(27)	-	16
Benevolent fund	405	13	(8)	28	438
<b>Total restricted reserves</b>	3,022	1,209	(1,594)	28	2,665
<b>Total Reserves</b>	9,576	7,114	(7,550)	707	9,847

## Notes on the financial statements

### Designated reserves

*UK WPC:* Some income generated from UK WPC activities is allocated to build reserves which can support participation in the WPC Youth Committee and other WPC or UK WPC activities.

*Powerful Women:* Some income generated from Powerful Women activities is allocated to build reserves which can support participation in the activity.

*Fixed asset reserve:* represents the funds which are invested in the Institute's fixed assets and therefore not readily available to be spent.

*Building project:* Consists of funds designated for building refurbishment.

### Restricted reserves

*Partner technical projects:* Funds provided specifically for projects advancing scientific and technical knowledge relating to health, safety, environment and standards relating to the energy industry.

*Shell hearts and minds:* The Energy Institute sells the Hearts and Minds toolkit on behalf of Shell Exploration and Production Ltd, any surplus is held for future investment in the development of the toolkit and related Human Factors projects.

*General prize fund;* The objects include:

The furtherance of education in the field of the science of energy and fuels by the award of prizes, the provision of grants, the funding of exhibitions and seminars, the provision of continuing professional education and the provision of scholarships.

*Benevolent fund:* The fund provides assistance for the benefit of deserving members of the Energy Institute and their dependants to improve quality of life and provide educational opportunities.

## Note 15 – 2018 Group Net assets by fund

The various group reserves are represented by the Energy Institute's assets and liabilities as summarised below:

	Tangible fixed & investment assets	Net current assets	Creditors: falling due after more than 1 year	Pension reserve	31-Dec-18
	£'000	£'000	£'000	£'000	£'000
Unrestricted reserves	681	(180)	(147)	-	354
Pension reserve	-	-	-	261	261
Designated reserves	6,288	79	-	-	6,367
	6,969	(101)	(147)	261	6,982
Restricted reserves	2,613	(258)	-	-	2,355
Total	9,582	(359)	(147)	261	9,337

## Note 15 – 2018 Charity Net assets by fund

The various charity reserves are represented by the Energy Institute's assets and liabilities as summarised below:

	Tangible fixed & investment assets	Net current assets / (liabilities)	Creditors: falling due after more than 1 year	Pension reserve	31-Dec-18
	£'000	£'000	£'000	£'000	£'000
Unrestricted reserves	681	(223)	(147)	-	311
Pension reserve	-	-	-	261	261
Designated reserves	6,288	79	-	-	6,367
	6,969	(144)	(147)	261	6,939
Restricted reserves	2,613	(258)	-	-	2,355
Total	9,582	(402)	(147)	261	9,294



**Notes on the financial statements**
**Note 15 – 2017 Group Net assets by fund**

The various group reserves are represented by the Energy Institute's assets and liabilities as summarised below:

	Tangible fixed & investment assets	Net current assets	Creditors: falling due after more than 1 year	Pension reserve	31-Dec-17
	£'000	£'000	£'000	£'000	£'000
Unrestricted reserves	978	(55)	(306)	-	617
Pension reserve	-	-	-	189	189
Designated reserves	6,338	61	-	-	6,399
	7,316	6	(306)	189	7,205
Restricted reserves	2,785	(120)	-	-	2,665
Total	10,101	(114)	(306)	189	9,870

**Note 15 – 2017 Charity Net assets by fund**

The various charity reserves are represented by the Energy Institute's assets and liabilities as summarised below:

	Tangible fixed & investment assets	Net current assets / (liabilities)	Creditors: falling due after more than 1 year	Pension reserve	31-Dec-17
	£'000	£'000	£'000	£'000	£'000
Unrestricted reserves	978	(78)	(306)	-	594
Pension reserve	-	-	-	189	189
Designated reserves	6,338	61	-	-	6,399
	7,316	(17)	(306)	189	7,182
Restricted reserves	2,785	(120)	-	-	2,665
Total	10,101	(137)	(306)	189	9,847

**Note 16 – Post balance sheet events**

There were no post balance sheet events.

**Note 17 – Related party transactions**

The Energy Institute has a one third interest in the ordinary shares of Petroleum Geology conferences Limited, a company incorporated in England and Wales. At the balance sheet date, the company owed a balance of £2,000 (2017: £2,000) to the Energy Institute. Transactions during the year with EI services Ltd, resulted in an amount due from Energy Institute totalling £94,873. Energy Institute raised invoices to EI Services Ltd totalling £67,190 in respect of recharged costs.

## Notes on the financial statements

## Note 18 – Comparative Statement of Financial Activities

Consolidated Statement of Financial Activities for the year ended 31 December 2017  
(Including consolidated income and expenditure)

		2017	2017	2017	2017
		Unrestricted		Restricted	Total
	Note	General reserves £'000	Designated reserve £'000	reserves £'000	reserves £'000
<b>Income:</b>					
<i>Income from charitable activities:</i>					
Members' subscriptions		1,569	-	-	1,569
Charitable activities		4,210	96	1,196	5,502
	3	5,779	96	1,196	7,071
Donations		-	7	-	7
Investments		114	-	13	127
<b>Total income</b>		<b>5,893</b>	<b>103</b>	<b>1,209</b>	<b>7,205</b>
<b>Expenditure:</b>					
Charitable activities		5,888	183	1,594	7,665
<b>Total expenditure</b>	4	<b>5,888</b>	<b>183</b>	<b>1,594</b>	<b>7,665</b>
Net gains on investments	9	241	-	28	269
<b>Net income/(expenditure)</b>		<b>246</b>	<b>(80)</b>	<b>(357)</b>	<b>(191)</b>
Transfers between funds		(123)	123	-	-
<b>Other recognised gains/(losses):</b>					
Actuarial gains/(losses) on Pension Plan	13	438	-	-	438
<b>Net movement in funds</b>		<b>561</b>	<b>43</b>	<b>(357)</b>	<b>247</b>
<b>Reconciliation of funds:</b>					
<b>Total funds brought forward</b>		<b>245</b>	<b>6,356</b>	<b>3,022</b>	<b>9,623</b>
<b>Total funds carried forward</b>	14	<b>806</b>	<b>6,399</b>	<b>2,665</b>	<b>9,870</b>

Notes on the financial statements

Note 18 – Comparative Statement of Financial Activities (Continued)

Charity Statement of Financial Activities for the year ended 31 December 2017  
(Including income and expenditure account)

		2017 Unrestricted General reserves £'000	2017 Designated reserve £'000	2017 Restricted reserves £'000	2017 Total reserves £'000
<b>Income:</b>					
<i>Income from charitable activities:</i>					
Members' subscriptions		1,564	-	-	1,564
Charitable activities		4,124	96	1,196	5,416
	3	5,688	96	1,196	6,980
Donations		-	7	-	7
Investments		114	-	13	127
<b>Total income</b>		<b>5,802</b>	<b>103</b>	<b>1,209</b>	<b>7,114</b>
<b>Expenditure:</b>					
Charitable activities		5,773	183	1,594	7,550
<b>Total expenditure</b>	4	<b>5,773</b>	<b>183</b>	<b>1,594</b>	<b>7,550</b>
Net gains on investments	9	241	-	28	269
<b>Net income/(expenditure)</b>		270	(80)	(357)	(167)
Transfers between funds		(123)	123	-	-
<b>Other recognised gains/(losses):</b>					
Actuarial gains/(losses) on Pension Plan	13	438	-	-	438
<b>Net movement in funds</b>		<b>585</b>	<b>43</b>	<b>(357)</b>	<b>271</b>
<b>Reconciliation of funds:</b>					
<b>Total funds brought forward</b>		198	6,356	3,022	9,576
<b>Total funds carried forward</b>	14	<b>783</b>	<b>6,399</b>	<b>2,665</b>	<b>9,847</b>