



**Annual Report of the Council and
Financial Statements for the year ended
31 December 2019**

Registered charity number 1097899

Council, Officers and Committee Chairs

Council and Officers

President

Steve Holliday FREng FEI

Past President

Malcolm Brinded CBE FREng FEI

Vice-Presidents

Dr Bernard Bulkin OBE FEI

Dr Vivienne Cox CBE FEI

Juliet Davenport OBE HonFEI

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 Robert Gross FEI

Andrew Hadland AMEI

Dr Waddah S. Ghanem Al Hashmi FEI

Prof Simon O’Leary CEng FEI

Aleida Rios FEI

Alastair Robertson CEng MEI

Paul R. Smith FEI

Emily Spearman CEng MEI

Dr Joanne Wade OBE FEI

Committees

NC

HR

FA

YPC

PAC

EAP

FA

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 Chairs

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)

Aleida Rios FEI

Energy Advisory Panel (EAP)

Dr Robert Gross 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

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e: info@energyinst.org

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 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 2019

Council presents its Report and the Financial Statements for the year ended 31 December 2019.

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 Aleida Rios FEI and Juliet Davenport OBE HonFEI who were appointed to Council at the AGM on 10 July 2019 and Dr Robert Gross FEI on 3 October 2019. James MacRae FEI and Boma Douglas CEng MEI retired from Council at the AGM on 10 July 2019.

Gender diversity improved to 45%:55% female, male respectively. Ethnic diversity remains 22% of board membership.

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 Chairs 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 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.

In relation to 2020 planned activities, Council has identified the following priority risks:

Investment in international growth remains one of the top risks to the EI due to slower than anticipated income growth when balanced with the costs to resource growth in the Middle East, Singapore and Malaysia. Hong Kong and Nigeria are areas near to self-sufficiency. Effective controls are in place to minimise financial risks, with targets set for teams and plans to mitigate a lack of income growth if necessary.

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

With international focus on climate change there is a risk of an adverse perception of the EI being heightened given its work with the oil and gas sector. The EI has recently focused its narrative around the climate emergency and explained how all energy sectors can contribute alongside where change in activities is needed. The EI is uniquely positioned to lead the discussion on climate change in the energy sector and also recognises it needs to provide transparency to its members on its environmental policy and aims.

In light of the global Coronavirus pandemic, Council has reviewed risks which principally relate to impacts on financial performance due to necessary changes in operations during 2020. An early financial forecast has been considered together with a cashflow forecast. Member and customer communications have been increased and where possible activities postponed or delivered using virtual and digital means.

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 2019:

Engagement in the big energy debates

Policy

Salient issues in the UK policy arena were the focus of Energy Barometer 2019, which revealed concerns about the ability of energy consumers to fully benefit from the low carbon and digital transitions under way. A launch event was held in Westminster. The EI's President appeared at an oral evidence session of the Commons Science and Technology Committee on the topic of clean energy technologies. Topics covered by our written responses to consultations included CCUS, efficiency in the electricity system and flexibility in the energy market. Regular Energy Policy Debates continued to be held and a further two Energy Fundamentals training days were held for new intake officials in BEIS.

New channels

The EI launched Energy In Conversation, a podcast aimed at interested non-experts and young professionals in particular. Season one included broad-ranging topics from low carbon heat to the digital revolution in our homes, from the future of oil and gas to opening up access to energy. Senior contributors were drawn from the EI's network.

Women in energy

New data published at the POWERful Women conference found women occupy only 16% of UK energy boardroom positions, and 42% of those companies have no women on their boards at all.

Supporting professionals across the energy system

Conventional energy standards

The EI's flagship Toolbox app was developed and launched, containing incident lessons drawn from across the EI's global energy partners. More than 50 good practice publications were produced including revisions to guidance on corrosion management (which was endorsed by the HSE), aviation fuel quality, fuel filtration and asset integrity. Launch events were held in Aberdeen, Athens, Aberdeen and London respectively.

New areas of work

SafetyOn, working to promote health and safety in the onshore wind industry was launched with 19 members, a new website and plans for a first stakeholder day. Data published by the G+, working in offshore wind, showed a decrease in the total number of health and safety incidents among its members. In addition, technical workshops were held with partners and other stakeholders to scope our potential new projects in CCUS, hydrogen and integrated networks.

Fugitive Methane

The EI became a supporting organisation of the Methane Guiding Principles initiative. We aim to use our channels and events to promote awareness of the need to reduce emissions during production and transportation of oil and gas.

New Partners

New technical partners came on board including Drax and Ithaca.

Narrative review

Our Council and SLT conducted a review of our narrative aimed at bringing it up to date with the increasingly diverse work being undertaken by the EI and the focus of the industry, public and government on the climate emergency. The fruition of this will be seen in 2020.

Local and global relevance

Recognising the best

Global interest in the EI Awards 2019 matched previous years, with 120 entries from 30 countries. The event celebrated women in energy in particular, with the two individual awards – Energy Champion and Young Energy Professional of the Year - both going to women.

London flagship events

Big name speakers including Shell Chair Chad Holliday, BP CEO Bob Dudley FEI, Saudi Aramco CEO Amin Nasser and UK Trade Secretary Rt Hon Liam Fox MP attracted record delegates to IP Week 2019. A full day's conference on climate change and the energy transition was chaired by Prof Jim Skea CBE FEI.

Around the UK

Industry events were hosted in collaboration with our branches around the UK including in Aberdeen, Edinburgh, Inverness and Humberside, alongside the more regular annual dinner programme.

Global circuit

Major events led by the EI's international branches attracted world class speakers and record turnouts, including the second Energy Sustainability Conference in Nigeria and the Middle East HSE & Sustainability Week in collaboration with

the Emirates National Oil Company. The EI also had a presence at the World Energy Congress 2019 in Abu Dhabi along with numerous other international events. The EI launched new Young Professionals Networks in the Middle East, Nigeria and Hong Kong. New technical committees on Solar HSE and Energy Optimisation and Storage were initiated in the Middle East and Singapore.

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 2019, net of management fees, was 19.6% against a benchmark of 18.5% and compared with the ARC steady growth charity index of 15.6%. 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 £8,481,000 (2018:£7,229,000) and expenditure of £8,380,000 (2018:£7,586,000).

Unrestricted general reserves, excluding gain on investment, produced an operating surplus of £318,000 (2018:£20,000). The net gain on investments of £455,000 (2018: net loss £239,000) resulted in net income of £773,000 (2018: net expenditure £219,000). After taking account of movements on restricted reserves and the designated reserves, this resulted in total net income of £616,000 (2018: net expenditure £626,000). Actuarial gains of £215,000 (2018: £93,000) on the pension scheme contributed to a net surplus in funds of £831,000 (2018: net deficit £533,000) for the year.

At the end of 2019, the EI group had net assets of £10,168,000 (2018: £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 £4,511,000 (2018: £3,653,000) at the end of 2019, sufficient to meet the EI's obligations to creditors and restricted funds. There was an increase of £220,000 (2018: £72,000) in the estimated surplus on the pension plan from 2019, this is reflected in the balance sheet under the Financial Reporting Standard 102 as a pension plan surplus of £481,000 (2018: £261,000).

Operational reserves

The Energy Institute's consolidated free reserves at 31 December 2019 totalled £1,088,000 (2018: £354,000), representing total unrestricted funds of £7,877,000 (2018: £6,982,000) less those held in tangible fixed assets of £6,217,000 (2018: £6,288,000), those designated for particular projects or purposes of £91,000 (2018: £79,000) and excluding the pension reserve of £481,000 (2018: £261,000).

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

- The Institute is budgeting a £142,000 surplus budget in 2020 and has a history of ensuring that unrestricted income is sufficient to cover committed costs;
- Subsequently, following an early forecast in light of the Coronavirus pandemic, the Institute now expects the net impact to result in breakeven at the year end
- 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 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 2020 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.

Specific actions for 2020 include:

- Generally, promote sales of good practice guidance in countries to build visibility of brand and product, support members to be ambassadors of EI, continue to build engagement across the operations of existing EI Partners in our countries of operation, explore software systems that can connect members on a global basis in a private network.
- In Nigeria, deliver the third Energy Sustainability Conference, including launching a new energy systems knowledge report to support decision makers in transitioning to a sustainable energy future. Deliver training, events and membership growth to advance towards financial breakeven.
- In the Middle East, secure additional EI Partner companies, deliver training to local companies on energy management and HSE topics and hold the HSE and Sustainability Week in Bahrain in collaboration with BAPCO. In China, continue to build the pilot activity in Beijing and develop IP Week 2020 Chinese presence and delegation to deepen relationships with Chinese companies.
- In Asia-Pacific, secure additional EI Partners, and drive professional membership uptake.

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.

Specific actions for 2020 include:

- Deliver 2020 Energy Barometer
- Complete Energy In Conversation podcast season one
- Publish and promote hydrogen guide
- Contribute to the RAEng National Engineering Policy Centre work on Net Zero
- Stakeholder mapping and evaluation
- BEIS Energy Systems Fundamentals course x 2
- New narrative shared and used across EI messaging channels.

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 will shape it.

Specific actions for 2020 include:

- EI pledge and plan to get to net zero
- Introduce transition focus to Petroleum Review
- Implement new agenda for IP Week and shift in branding
- Support SafetyOn and G+
- New good practice Joint Industry Projects in CCUS, hydrogen and integrated networks
- Inaugural wind safety and electricity conferences.

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 2020 include:

- Deliver the annual events programme and increase participation and access across the programme
- 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
- Maintain and develop the portfolio of good practice resources
- Introduce a mentoring scheme for young professionals
- Launch the online Level 3 energy management course

- Run a 'fast track to MEI' membership pilot
- Deliver Toolbox phase II.

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.



Steve Holliday FREng FEI
President



Belinda Mindell FCA FEI
Honorary Treasurer

1 April 2020

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 2019, 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 2019 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. 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
Statutory Auditor

10 Queen Street Place,
London
EC4R 1AG

Date: 30 April 2020

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 2019
(Including consolidated income and expenditure)

		2019	2019	2019	2019	2018
		Unrestricted		Restricted	Total	Total
Note	General	Designated	reserves	reserves	reserves	reserves
	reserves	reserve	reserves	reserves	reserves	reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Income:						
<i>Income from charitable activities:</i>						
	Members' subscriptions	1,657	-	-	1,657	1,557
	Charitable activities	4,436	119	1,528	6,083	5,368
	Other trading activities	619	-	-	619	181
3		6,712	119	1,528	8,359	7,106
	Donations	-	-	-	-	-
	Investments	108	-	14	122	123
	Total income	6,820	119	1,542	8,481	7,229
Expenditure:						
	Charitable activities	6,258	212	1,666	8,136	7,515
	Other trading activities	244	-	-	244	71
4	Total expenditure	6,502	212	1,666	8,380	7,586
9	Net gains/(losses) on investments	455	-	60	515	(269)
	Net Income/(expenditure)	773	(93)	(64)	616	(626)
	Transfers between funds	(34)	34	-	-	-
Other recognised gains/(losses):						
13	Actuarial gains on Pension Plan	215	-	-	215	93
	Net movement in funds	954	(59)	(64)	831	(533)
Reconciliation of funds:						
	Total funds brought forward	615	6,367	2,355	9,337	9,870
14	Total funds carried forward	1,569	6,308	2,291	10,168	9,337

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 2019
 (Including income and expenditure account)

		2019	2019	2019	2019	2018
		Unrestricted		Restricted	Total	Total
Note	General reserves	Designated reserve	reserves	reserves	reserves	reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Income:						
<i>Income from charitable activities:</i>						
	Members' subscriptions	1,652	-	-	1,652	1,553
	Charitable activities	4,293	119	1,528	5,940	5,235
3		5,945	119	1,528	7,592	6,788
	Donations	376	-	-	376	110
	Investments	107	-	14	121	123
	Total income	6,428	119	1,542	8,089	7,021
Expenditure:						
	Charitable activities	6,112	212	1,666	7,990	7,398
	Total expenditure	6,112	212	1,666	7,990	7,398
	Net gains/(losses) on investments	455	-	60	515	(269)
	Net income/(expenditure)	771	(93)	(64)	614	(646)
	Transfers between funds	(34)	34	-	-	-
Other recognised gains/(losses):						
	Actuarial gains on Pension Plan	215	-	-	215	93
	Net movement in funds	952	(59)	(64)	829	(553)
Reconciliation of funds:						
	Total funds brought forward	572	6,367	2,355	9,294	9,847
	Total funds carried forward	1,524	6,308	2,291	10,123	9,294

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 2019

	Note	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Fixed assets:					
Tangible assets	8	6,217	6,288	6,217	6,288
Investments	9	3,809	3,294	3,809	3,294
Total fixed assets		10,026	9,582	10,026	9,582
Current assets:					
Debtors	10	1,245	1,419	1,078	1,150
Short term deposits		159	8	159	8
Bank and cash		543	351	329	279
Total current assets		1,947	1,778	1,566	1,437
Liabilities:					
Amounts falling due within one year	11	(2,286)	(2,137)	(1,950)	(1,839)
Net current liabilities		(339)	(359)	(384)	(402)
Total assets less current liabilities		9,687	9,223	9,642	9,180
Creditors: falling due after more than 1 year	12	-	(147)	-	(147)
<i>Net assets excluding pension asset</i>		9,687	9,076	9,642	9,033
Pension Plan surplus	13	481	261	481	261
Total net assets		10,168	9,337	10,123	9,294
The funds of the charity:					
<i>Unrestricted reserves</i>					
General reserve	14	1,088	354	1,043	311
Pension reserve		481	261	481	261
Designated reserves		6,308	6,367	6,308	6,367
		7,877	6,982	7,832	6,939
<i>Restricted reserves</i>	14	2,291	2,355	2,291	2,355
Total group and charity funds		10,168	9,337	10,123	9,294

These financial statements were approved and authorised for issue by Council on 1 April 2020 and signed on its behalf by:



Steve Holliday FREng FEI
President



Belinda Mindell FCA FEI
Honorary Treasurer

Cash flow Statement for the year ended 31 December 2019	Group	Group	Charity	Charity
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Cash flows from operating activities:				
Net Income/(expenditure) for the reporting period (as per the statement of financial activities)	616	(626)	614	(646)
Losses/(gains) on investments	(515)	269	(515)	269
Investment income	(122)	(123)	(122)	(123)
Depreciation of tangible fixed assets	105	115	105	115
Interest expense	10	15	10	15
(increase)/Decrease in debtors	174	(257)	72	12
Increase/(decrease) in creditors	158	15	120	(283)
Non-cash operating movement in pension scheme asset	(5)	21	(5)	21
Net cash used in operating activities	421	(571)	279	(620)
Cash flows from investing activities:				
Investment income	122	123	122	123
Proceeds from sales of investments	-	200	-	200
Interest expense	(10)	(15)	(10)	(15)
Payments to acquire tangible fixed assets	(34)	(65)	(34)	(65)
Net cash provided by investing activities	78	243	78	243
Cash flows from financing activities:				
Repayments of borrowing	(156)	(151)	(156)	(151)
Net cash used in financing activities	(156)	(151)	(156)	(151)
Change in cash and cash equivalents in the year	343	(479)	201	(528)
Cash and cash equivalents at the beginning of the year	359	838	287	815
Cash and cash equivalents at the end of the year	702	359	488	287

Group analysis of cash and cash equivalents	1 January 2019	Cash flow	31 December 2019
	£'000	£'000	£'000
Cash at bank and in hand	351	192	543
Short term deposits	8	151	159
Total cash and cash equivalents	359	343	702
Charity analysis of cash and cash equivalents			
	1 January 2019	Cash flow	31 December 2019
	£'000	£'000	£'000
Cash at bank and in hand	279	50	329
Short term deposits	8	151	159
Total cash and cash equivalents	287	201	488

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 are very much aware of the significant impact the global pandemic is having on the sector and wider public and have done considerable work on financial and operational strategies and plans to ensure that the charity is able to meet the challenges ahead. Despite the significant impact these challenges are having on society as a whole, the estimated financial impact on the Institute is considered manageable when taking into account the normal profile of revenues and available liquid reserves. Accordingly, the trustees continue to be confident that the Institute remains a going concern and the accounts have been prepared on that basis.

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 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.

Note 3 - Incoming resources from charitable and other trading activities

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Membership subscriptions	1,657	1,563	1,652	1,558
Knowledge sharing activities	2,335	1,971	1,716	1,790
Skills development activities	1,008	930	865	798
Good practice activities	3,346	2,634	3,346	2,634
Other	13	8	13	8
	8,359	7,106	7,592	6,788

Note 4 – 2019 Expenditure on charitable and other trading activities

	Direct costs Staff £'000	Direct costs Other £'000	Support costs £'000	2019 Total £'000
Good practice activities	1,079	2,233	385	3,697
Knowledge sharing activities	938	554	514	2,006
Skills development activities	577	1,039	257	1,873
External affairs	220	66	128	414
Charitable activities	2,814	3,892	1,284	7,990
Charitable and other trading expenditure in subsidiaries	-	390	-	390
Group total	2,814	4,282	1,284	8,380

Note 4 – 2018 Expenditure on charitable activities 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	2,617	3,458	1,323	7,398
Charitable and other trading expenditure in subsidiaries	-	188	-	188
Group total	2,617	3,646	1,323	7,586

Notes on the financial statements

Note 5 – Analysis of support costs

	2019	2018
	£'000	£'000
Support staff costs	748	736
Building facilities and services	245	252
Management & Human Resources	88	149
Finance	64	69
Information Technology	139	117
	1,284	1,323
	1,284	1,323

Included in support costs are governance costs relating to:

Auditor's remuneration	19	19
Actuarial	3	3
Legal and consultancy	12	11
Salaries	5	5
Other	6	8
	45	46
	45	46

Note 6 – Staff costs

	2019	2018
	£'000	£'000
Salaries	2,745	2,526
Social security	295	270
Defined contribution pension	88	69
Defined benefit pension service cost	100	131
Temporary/sub-contract staff	275	290
Other staff related costs	60	67
	3,563	3,553
	3,563	3,553

The average number of employees was 73 (2018: 69).

The following numbers of staff have salaries above £60,000:

Between £60,000-£70,000	4	4
Between £70,001-£80,000	-	1
Between £80,001-£90,000	2	1
Between £90,001-£100,000	2	1
Between £130,000-£140,000	1	1

Pension contributions paid in respect of these individuals totalled £95,000 (2018: £91,000).

Notes on the financial statements

Note 6 – Staff costs (continued)

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 £6,500 (2018: £5,000) in respect of 5 trustees.

Remuneration of key management personnel

The key management personnel of the Energy Institute comprise 5 senior directors. Total remuneration, employer's national insurance contributions and pensions for these key management personnel were £617,000 (2018: £570,000).

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 2019	Total 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	620	89	62	1	772	319
Cost of sales	(239)	(82)	(29)	(0)	(350)	(132)
Gross profit	381	7	33	1	422	187
Admin/other costs	(5)	(9)	(34)	(2)	(50)	(85)
Trading profit/(loss)	376	(2)	(1)	(1)	372	102
Grants paid from EI	-	7	11	4	22	29
Net income/ (outgoings)	376	5	10	3	394	131
Amount payable by qualifying charitable donation to Energy Institute	(376)	-	-	-	(376)	(110)
Retained profit brought forward	-	18	23	4	45	24
Retained profit carried forward and net assets	-	23	33	7	63	45

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
a) Cost					
Cost at 1 January 2019	4,250	2,220	273	489	7,232
Additions	-	-	-	34	34
Cost at 31 December 2019	4,250	2,220	273	523	7,266
b) Depreciation					
Depreciation at 1 January 2019	462	55	93	334	944
Charge for the year	-	22	13	70	105
Depreciation at 31 December 2019	462	77	106	404	1,049
Net book value at 31 December 2019	3,788	2,143	167	119	6,217
Net book value at 31 December 2018	3,788	2,165	180	155	6,288

The lease on the premises at 61 New Cavendish Street has 939 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 2019 (2018: None).

Note 9 – Investments (Group and Charity)

Alpha Common Investment Fund	£ £'000
Market values	
1 January 2019	3,294
Sales proceeds	-
Net Gain on revaluation	515
31 December 2019	3,809
Historical cost	
1 January 2019	2,616
31 December 2019	2,617

Council are aware of the current volatility in the investment markets and the significant fall in value that has been seen around the world. The value of the EI investment portfolio, when compared with the year-end value, showed a fall in value to £3.0m. This does take into account the withdrawal of £250,000 on 20 February 2020. Council do not intend nor are expecting to require the disposal of any of the investment portfolio in the foreseeable future.

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. The EI also has 100 ordinary shares of £1, in EI services Ltd.

Notes on the financial statements
Note 10 – Debtors

	Group	Group	Charity	Charity
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	923	1,095	774	826
Prepayments and accrued income	307	306	289	306
Other debtors	15	18	15	18
	1,245	1,419	1,078	1,150

Note 11 – Creditors

	Group	Group	Charity	Charity
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Bank loans	147	156	147	156
Trade creditors	381	484	394	578
Taxation and social security	125	106	90	72
Accruals and deferred Income	1,633	1,391	1,319	1,033
	2,286	2,137	1,950	1,839

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)

Amounts falling due in more than one year	2019	2018
	£'000	£'000
Bank loans	-	147
	-	147

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 64 employees were £ 87,500 (2018: £69,000).

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 2019, 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

	31 December 2019		31 December 2018	
	% a year		% a year	
Principal actuarial assumptions				
Discount rate	2.2%		2.9%	
Retail Price Inflation	3.2%		3.4%	
Consumer Price Inflation	2.2%		2.4%	
Salary growth	2.2%		2.4%	
Rate of increases to pensions in payment				
– Price inflation (CPI) subject to a maximum of 2.5% p.a.	1.6%		1.7%	
– Price inflation (CPI) subject to a maximum of 3% p.a.	1.8%		1.9%	
– Price inflation (CPI) subject to a maximum of 5% p.a.	2.25%		2.4%	
– Price inflation (CPI) subject to a maximum of 5% p.a. and a minimum of 3% p.a.	3.45%		3.5%	
Demographic assumptions				
Mortality after retirement				
- Base table	S2PXA series year of birth (YOB) tables		S2PXA series year of birth (YOB) tables	
- Future improvements	CMI_2018_M/F (1%)		CMI_2017_M/F (1%)	
Proportion taking tax free cash	100%		100%	
Assumed life expectancy at aged 60	Males	Females	Males	Females
Current pensioners	25.9 years	28.0 years	26.3 years	28.4 years
Retiring in 20 years	27.1 years	29.3 years	27.6 years	29.7 years
Changes in fair value of plan assets	31 December 2019		31 December 2018	
	£'000		£'000	
Opening fair value of plan assets	8,075		8,407	
Employer contributions	115		135	
Employee contributions	28		21	
Benefits paid	(270)		(275)	
Expenses paid	-		-	
Expected return on scheme assets	232		217	
Actuarial gain/ (losses) on assets	(943)		(430)	
Closing fair value of plan assets	9,123		8,075	
Actual return on plan assets	1,175		(213)	

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

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

Asset Allocation	31 December 2019	31 December 2018
Diversified Growth Fund	45.7%	45.3%
Bonds	33.7%	33.1%
Gilts	19.8%	20.5%
Cash	0.1%	0.9%
Annuities	0.7%	0.2%

Changes in present value of defined benefit obligation	31 December 2019	31 December 2018
	£'000	£'000
Opening defined benefit obligation	7,814	8,218
Current service cost	117	167
Employee contributions	28	21
Interest cost	225	213
Benefits paid	(270)	(275)
Scheme amendments	-	(7)
Remeasurement loss/(gain) on defined benefit obligation:		
- Impact of experience	(9)	23
- Impact of amended financial assumptions	917	(498)
- Impact of amended mortality assumptions	(180)	(48)
Closing defined benefit obligation	8,642	7,814

Pension expense

Analysis of the amount charged to income and expenditure	31 December 2019	31 December 2018
	£'000	£'000
Current service cost	(117)	(167)
Interest on net liability	7	4
Past service cost	-	7
	(110)	(156)

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.

Other comprehensive income	31 December 2019	31 December 2018
	£'000	£'000
Actual less expected return on plan assets	943	(430)
Experience gains/(losses) on liabilities	9	(23)
Change in assumptions	(737)	546
Actuarial (loss)/gain recognised in OCI	215	93

Balance sheet position	31 December 2019	31 December 2018
	£'000	£'000
Present value of defined benefit obligation	(8,642)	(7,814)
Fair value of plan assets	9,123	8,075
Net defined benefit pension (liability)/asset	481	261

Note 14 – 2019 Group Reserves

	1 January 2019	Incoming resources	Resources expended	Transfers and other gains/(losses)	31 December 2019
	£'000	£'000	£'000	£'000	£'000
Unrestricted reserves					
<i>General reserves</i>	354	6,820	(6,507)	421	1,088
<i>Pension reserve</i>	261	-	5	215	481
	615	6,820	(6,502)	636	1,569
<i>Designated reserves</i>					
UK WPC reserve	18	14	(15)	-	17
Powerful Women reserve	61	105	(92)	-	74
Fixed asset reserve	6,288	0	(105)	34	6,217
	6,367	119	(212)	34	6,308
Total unrestricted reserves	6,982	6,939	(6,714)	670	7,877
Restricted reserves					
Partner technical projects	1,450	1,464	(1,576)	-	1,338
Shell hearts and minds	466	63	(58)	-	471
General prize fund	20		(14)	-	6
Benevolent fund	419	15	(18)	60	476
Total restricted reserves	2,355	1,542	(1,666)	60	2,291
Total Reserves	9,337	8,481	(8,380)	730	10,168

Note 14 – 2019 Charity Reserves

	1 January 2019	Incoming resources	Resources expended	Transfers and other gains/(losses)	31 December 2019
	£'000	£'000	£'000	£'000	£'000
Unrestricted reserves					
<i>General reserves</i>	311	6,428	(6,117)	421	1,043
<i>Pension reserve</i>	261	-	5	215	481
	572	6,428	(6,112)	636	1,524
<i>Designated reserves</i>					
UK WPC reserve	18	14	(15)	-	17
Powerful Women reserve	61	105	(92)	-	74
Fixed asset reserve	6,288	0	(105)	34	6,217
	6,367	119	(212)	34	6,308
Total unrestricted reserves	6,939	6,547	(6,324)	670	7,832
Restricted reserves					
Partner technical projects	1,450	1,464	(1,576)	-	1,338
Shell hearts and minds	466	63	(58)	-	471
General prize fund	20		(14)	-	6
Benevolent fund	419	15	(18)	60	476
Total restricted reserves	2,355	1,542	(1,666)	60	2,291
Total Reserves	9,294	8,089	(7,990)	730	10,123

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
Unrestricted reserves					
<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
Total unrestricted reserves	7,205	6,223	(6,293)	(153)	6,982
Restricted reserves					
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
Total restricted reserves	2,665	1,006	(1,293)	(23)	2,355
Total Reserves	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
Unrestricted reserves					
<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
Total unrestricted reserves	7,182	6,015	(6,105)	(153)	6,939
Restricted reserves					
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
Total restricted reserves	2,665	1,006	(1,293)	(23)	2,355
Total Reserves	9,847	7,021	(7,398)	(176)	9,294

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 – 2019 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-19
	£'000	£'000	£'000	£'000	£'000
Unrestricted reserves	1,258	(170)	-	-	1,088
Pension reserve	-	-	-	481	481
Designated reserves	6,217	91	-	-	6,308
	7,475	(79)	-	481	7,877
Restricted reserves	2,551	(260)	-	-	2,291
Total	10,026	(339)	-	481	10,168

Note 15 – 2019 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-19
	£'000	£'000	£'000	£'000	£'000
Unrestricted reserves	1,258	(215)	-	-	1,043
Pension reserve	-	-	-	481	481
Designated reserves	6,217	91	-	-	6,308
	7,475	(124)	0	481	7,832
Restricted reserves	2,551	(260)	-	-	2,291
Total	10,026	(384)	0	481	10,123

Notes on the financial statements

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

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 (2018: £2,000) to the Energy Institute. Transactions during the year with EI services Ltd, resulted in an amount due from Energy Institute totalling £18,436. Energy Institute raised invoices to EI Services Ltd totalling £244,000 (2018: £67,000) in respect of recharged costs. There are no other related party transactions that require disclosure.

Notes on the financial statements

Note 18 – Comparative Statement of Financial Activities

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

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

Notes on the financial statements

Note 18 – Comparative Statement of Financial Activities (Continued)

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

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