



**Annual Report of the Council and
Financial Statements for the year ended
31 December 2020**

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

Simardeep Soor ACA 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 CEng FEI

Alastair Robertson CEng FEI

Paul R. Smith FEI

Emily Spearman CEng MEI

Dr Joanne Wade OBE FEI

Committees

NC

HR

FAC

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 FEI

Finance Director

Ava Longhurst DChA

Main Committee Chairs

Human Resources Committee (HR)

Michael Parker CBE FEI

Finance and Audit Committee (FAC)

Simardeep Soor ACA 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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t: +44 (0) 20 7467 7100

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 2020

Council presents its Report and the Financial Statements for the year ended 31 December 2020.

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 Simardeep Soor ACA FEI was appointed to Council at the AGM on 1 July 2020. Belinda Mindell FEI retired from Council at the AGM on 1 July 2020.

Gender diversity remains 45%:55% female, male respectively. Ethnic diversity improved to 27% (2019: 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 Chair 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 2021 planned activities, Council has identified the following priority risks:

The pandemic brought the risk around revenue control and cashflow to the forefront. Throughout 2020, the senior leadership team (SLT) closely monitored revenue streams to ensure costs were being reduced in line with the forecasted drop in income. For 2021, a series of budgeting scenarios were produced to assess the financial impact that Covid-19 would have on the organisation depending on what restrictions may be ahead of us. This enabled SLT to make some top-level strategic decisions on how to manage any reduction of income.

International growth has seen slow and steady growth in previous years, however in 2020, a cost reduction exercise took place whilst event and training activities were either cancelled or deferred. In doing this, the risk to the international growth strategy remains. International branches have been working hard to maintain relationships and hosted EI LIVE webinars to stay connected with members. New business plans are in place for 2021 to reflect a less costly model for operation to mitigate the ongoing need to limit face to face participation in activities currently.

Security of EI's assets, including its IT and digital systems increased in risk in 2020 given the need for remote working and increased delivery of services via digital platforms. Business continuity and damage control systems were reviewed and tested, and ICT staff contributed to regular SLT meetings to report on systems development and maintenance.

EI has a strong organisational culture which ably underpinned the crisis management required during 2020. Council recognised that the strength of both its trustee and staff operations were key and so risk of loss of key people or ineffective structures for people to operate in increased. Council structure was reviewed in mitigation and changes agreed to reduce its size and increase its strategic focus. A Head of HR post was developed to introduce strategic HR capability to the EI for 2021.

In a world where physical interaction has been limited due to the pandemic, maintaining relationships with members and key stakeholders has been identified as a risk which removed BREXIT and Climate Change from the previous top 5 risks faced by the organisation. Increased communication and wider access to EI activities, along with improved digital services has been put in place and will evolve as a mitigation.

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 longer-term strategy and ensures that the organisational resources required are adequate to meet its needs.

The EI does not participate in any fundraising activities.

Principal activities for the year, achievements and performance

EI during COVID-19

2020 was a difficult year for members and the energy sector generally due to the global COVID-19 pandemic. The EI's response has been on three levels:

1. Pastoral support for members, providing support where it's needed, whether that's direct contact with older members shielding in isolation, the new EI Enable 24/7 advice line for members who need help with personal, financial or legal issues, or our dedicated COVID-19 support web page. We also reached out via a special member survey to help us understand the pressures members have been under, took the decision to freeze membership subscriptions for the coming year for all members, and additionally to make funds available to pay the fees of members made redundant.
2. Collaborative technical projects to support the indispensable role the energy industry as a whole has played in keeping energy supplies flowing. We worked with members to apply tried-and-tested health and safety practices to the new hazards created in the workplace by COVID-19. This includes guidance on social distancing and hygiene in conventional and renewable energy facilities, technical support for the aviation industry dealing with the grounding of two thirds of the global fleet, and on the 'new normal' for companies navigating the return to work.
3. A new, extensive programme of lockdown-friendly digital content and activity. We took the call early on to harness digital channels to provide continued and new access to the latest knowledge in the world of energy. Our EI LIVE webinar series has been central to this, enabling thousands to tune in to gain direct, live access to experts in diverse fields, with many led by branches and YPNs. Training has been moved entirely to digital delivery, using a combination of live tutors and self-paced modular learning, and we were also able to hold virtual version of regular fixtures from our conference programme including the energy efficiency and heat conferences.

"A year of change and impact"

At the AGM in July, the President described "a year of change and impact", noting that even alongside the pandemic impacts, neither our 'business as usual' activities nor our new ambitions for the year were dented. Following completion and roll out of the new narrative agreed by Council, we have continued to confidently develop our relevance in the context of the global emergency of climate change on the one hand, and the need to meet the demands of growth economies and energy access on the other. This has led 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 2020:

Engagement in the big energy debates

The EI demonstrated its relevance to the UK and global energy and climate change policy debates through a range of activities:

- Energy Barometer 2020 was published with a timely focus on a green recovery and the prospects for achieving the UK's net zero emission goal. In an unambiguous message, four in five UK energy professionals urged the government to pursue the resilient green recovery recommended by the CCC.
- A new Hydrogen Essentials Guide was published, providing an everyday way in for non-expert audiences, and a particular focus on the potential user experience for industry, in transport and in the home. The publication landed just as interest in hydrogen escalated and has been widely welcomed.
- The Generation 2050 Manifesto was published based on the 'Views of 1,000 young energy voices around the world', with the backing of well know supporting organisations, endorsement from senior figures from across the world of energy, and kicking off a year of engagement through to COP26 next year.
- The final episodes of season 1 of the Energy In Conversation podcast were released at the start of 2020, and work on a new season based around the experiences of young energy professionals was started.
- Our Energy Fundamentals course has been delivered three times this year, for a second year in a row, with EI Fellows providing new civil service entrants into BEIS with a crash course on the energy system.
- The EI has become an active participant in the National Engineering Policy Centre, based at the Royal Academy of Engineering and alongside ~40 other professional engineering institutions. The EI's President was involved in output relating to net zero, and we have also collaborated in submissions to spending reviews.

- The EI sponsored the first Big Bang Climate Change Award, recognising work by school age children contributing to the UK's net zero goal. The award was won by a team for developing an innovative drainpipe water generator.
- The EI has continued to provide a home for the activities of the POWERful Women initiative, and to become increasingly involved in the Methane Guiding Principles programme as a supporting organisation.

Supporting professionals across the energy system

The EI is determined to be where energy professionals are – so we have continued to support those working to produce and manage conventional fuels safely and efficiently - but we also want to be where energy professionals are headed. In this regard this year we've also pivoted activities towards technologies that will reduce greenhouse gas emissions as quickly as possible, both in how fossil fuels are used, in cleaner renewable alternatives and on the demand side:

- Workshops to kick off new streams of technical work in hydrogen and carbon capture, utilisation and storage (CCUS), followed by the formation of committees and work programmes.
- The Global Offshore Wind Health and Safety Organisation and SafetyOn have continued to thrive thanks to the secretariat and support provided by the EI. The former has progressed innovative solutions to social distancing in offshore wind workplaces and developed a footprint in the Taiwan and US markets. The latter won a Scottish Green Energy Award for COVID-19 guidance in partnership with RenewableUK.
- The Toolbox web-based app, launched in late 2019, has become the EI's flagship digital platform for health and safety lessons from incidents, based around an expanding community of contributors from our partner organisations (now including wind) and, with translation into multiple languages, global reach and relevance.
- Publication of our first good practice guidance documents for energy storage, part of another record-breaking year with more than 60 items of good practice guidance published.

Local and global relevance

- IP Week 2020 took place shortly before the global pandemic limited face-to-face events for the rest of the year. The conference put the climate emergency centre stage and convened senior leaders from industry, environmental NGOs, investors, government and academia for dialogue centred on the vital role the oil and gas sector needs to play in response. The markedly different agenda and tone adopted by the EI for this year's event attracted positive comment both inside and outside the industry.
- The EI Awards were held for the 21st time in 2020, celebrating excellence in the industry, with a record 160 entries from around the world – from Nigeria to New Zealand, Spain to Singapore – in the frame for the ten prestigious awards, and celebrated in a message from Kwasi Kwarteng MP, UK Energy Minister at the time of the online ceremony.

Other highlights

Our membership and professional affairs team has also been delivering, innovating to ensure the benefits of membership and the member journey continue to improve. We've seen the relaunch of the mycareerpath tool, the launch of EI Enable and piloted a fast track route to membership for registered professionals.

And, in line with the shift towards low carbon in our work programme, the EI confirmed its trajectory towards ending the impact of its central operations on the climate well before 2050 by agreeing initial science-based targets for reducing emissions of greenhouse gases by almost 68% by 2035. The emissions covered by the targets include those relating to the EI's London head office and business travel undertaken by staff, with 2019 taken as the baseline. It will set up the EI to reach net zero well before 2050. Work is now under way to develop plans for the delivery of the emission reductions required and conducting further work to understand the indirect impact of the EI's activities, in particular scope 3 emissions relating to events.

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 2020, net of management fees, was 9.6% against a benchmark of 6.8% and compared with the ARC steady growth charity index of 3.5%. 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 £7,750,000 (2019: £8,481,000) and expenditure of £7,284,000 (2019: £8,380,000).

Unrestricted general reserves, excluding gain on investment, produced an operating surplus of £275,000 (2019: £318,000). The net gain on investments of £195,000 (2019: £455,000) resulted in net income of £470,000 (2019: £773,000). After taking account of movements on restricted reserves and the designated reserves, this resulted in total net income of £688,000 (2019: £616,000). Actuarial losses of £1,047,000 (2019: gains £215,000) on the pension scheme contributed to a net deficit in funds of £359,000 (2019: net gain £831,000) for the year.

At the end of 2020, the EI group had net assets of £9,809,000 (2019: £10,168,000), analysed in the balance sheet set out on page 12. The primary asset is the long leasehold of the premises at 61 New Cavendish Street.

Listed investments plus cash and bank deposits totalled £5,441,000 (2019: £4,511,000) at the end of 2020, sufficient to meet the EI's obligations to creditors and restricted funds. There was a decrease of £1,041,000 (2019: increase £220,000) in the estimated deficit on the pension plan from 2020, this is reflected in the balance sheet under the Financial Reporting Standard 102 as a pension plan deficit of £560,000 (2019: surplus £481,000).

Operational reserves

The Energy Institute's consolidated free reserves at 31 December 2020 totalled £1,526,000 (2019: £1,088,000), representing total unrestricted funds of £7,220,000 (2019: £7,877,000) less those held in tangible fixed assets of £6,146,000 (2019: £6,217,000), those designated for particular projects or purposes of £108,000 (2019: £91,000) and excluding the pension reserve deficit of £560,000 (2019: surplus £481,000).

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

- The Institute is budgeting a £115,000 deficit in 2021, however, the EI has a history of ensuring that unrestricted income is sufficient to cover committed costs;
- Scenario budgeting for 2021, means that the Institute is well equipped to put mechanisms in place to ensure a cost reduction plan is put into action if income is not received as anticipated.
- 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 which it comfortably exceeds.

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

FUTURE PLANS

The coming year will be difficult to navigate, not knowing when we will be able to comfortably return to face-to-face meetings. But the EI's ambitious programme of change and impact will continue. We have well-developed plans for 2021 in all three priority themes.

International Growth

Goals for 2021 include:

- Continue to develop self-sustaining operations in the Middle East, SE Asia and West Africa, developing individual and company membership communities by region.
- Build the visibility of the good practice programme internationally to engage energy companies in its work and build relationships with regulatory authorities.
- Use learnings from UK knowledge projects to explore potential knowledge projects in-country or region to inform and support policy makers.
- Use digital products and virtual fora to reach our international audience and potential future membership, and to build international membership connectedness and cohesion.

Policy Engagement

Goals for 2021 include:

- Continue to build understanding of the role and nature of the EI's support among policy makers and parliamentarians in the UK (including devolved nations) and regions we are expanding in internationally.
- Share members' insights and expertise with policy makers and influencers to build their understanding of energy issues.
- Engage national media in the UK and international regions to support the development of energy-related stories and features, providing background content and members' expertise.
- Develop energy content which is timely to allow proactive engagement with government, the media and other key influencers.

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

Goals for 2021 include:

- Focus on new opportunities for the EI in 3 sectors – renewables and wind, hydrogen and CCUS, energy and carbon management.
- Identify those members that can contribute to new content by sharing their knowledge, looking particularly at disruptive and new technologies, innovations and business models to enable the transition to a low carbon energy system.
- Research opportunities for mergers and potential partnerships to develop new industry good practice.
- Design our content to be in balance with our geographical footprint.
- Use our learned society channels (events, editorial, online etc.) and new methods of digital delivery to widen access.
- Look for new product opportunities across the EI to support members and potential members e.g. training, professional recognition, CPD support.
- Develop a 5-year EI strategy to better position EI to fulfil our ambition and role longer term for this transition.

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

25 March 2021


Simardeep Soor ACA 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 2020, 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 2020 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.

Conclusions relating to going concern

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

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

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

Other information

The 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.

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.

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

Based on our understanding of the parent charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to management override, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management override. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

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.

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: 29 March 2021

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 2020
(Including consolidated income and expenditure)

		2020 Unrestricted General reserves £'000	2020 Designated reserve £'000	2020 Restricted reserves £'000	2020 Total reserves £'000	2019 Total reserves £'000
Note						
Income:						
<i>Income from charitable activities:</i>						
	Members' subscriptions	1,765	-	-	1,765	1,657
	Charitable activities	3,737	146	1,339	5,222	6,083
	Other trading activities	599	-	-	599	619
3		6,101	146	1,339	7,586	8,359
	Government grants	46	-	-	46	-
	Investments	104	-	14	118	122
	Total income	6,251	146	1,353	7,750	8,481
Expenditure:						
	Charitable activities	5,704	226	1,082	7,012	8,136
	Other trading activities	272	-	-	272	244
4	Total expenditure	5,976	226	1,082	7,284	8,380
9	Net gains on investments	195	-	27	222	515
	Net Income/(expenditure)	470	(80)	298	688	616
	Transfers between funds	(26)	26	-	-	-
Other recognised gains/(losses):						
13	Actuarial (losses)/gains on Pension Plan	(1,047)	-	-	(1,047)	215
	Net movement in funds	(603)	(54)	298	(359)	831
Reconciliation of funds:						
	Total funds brought forward	1,569	6,308	2,291	10,168	9,337
14	Total funds carried forward	966	6,254	2,589	9,809	10,168

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 2020
 (Including income and expenditure account)


		2020 Unrestricted General reserves £'000	2020 Designated reserve £'000	2020 Restricted reserves £'000	2020 Total reserves £'000	2019 Total reserves £'000
Note						
Income:						
<i>Income from charitable activities:</i>						
	Members' subscriptions	1,759	-	-	1,759	1,652
	Charitable activities	3,655	146	1,339	5,140	5,940
3		5,414	146	1,339	6,899	7,592
	Government grants	46			46	
	Donations	327	-	-	327	376
	Investments	104	-	14	118	121
	Total income	5,891	146	1,353	7,390	8,089
Expenditure:						
	Charitable activities	5,607	226	1,082	6,915	7,990
4	Total expenditure	5,607	226	1,082	6,915	7,990
9	Net gains on investments	195	0	27	222	515
	Net income/(expenditure)	479	(80)	298	697	614
	Transfers between funds	(26)	26	0	-	-
Other recognised gains/(losses):						
13	Actuarial (losses)/gains on Pension Plan	(1,047)	-	-	(1,047)	215
	Net movement in funds	(594)	(54)	298	(350)	829
Reconciliation of funds:						
	Total funds brought forward	1,524	6,308	2,291	10,123	9,294
14	Total funds carried forward	930	6,254	2,589	9,773	10,123

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 2020

	Note	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Fixed assets:					
Tangible assets	8	6,146	6,217	6,146	6,217
Investments	9	3,781	3,809	3,781	3,809
Total fixed assets		9,927	10,026	9,927	10,026
Current assets:					
Debtors	10	1,651	1,245	1,898	1,078
Short term deposits		1,022	159	772	159
Bank and cash		638	543	414	329
Total current assets		3,311	1,947	3,084	1,566
Liabilities:					
Amounts falling due within one year	11	(2,869)	(2,286)	(2,678)	(1,950)
Net current assets/(liabilities)		442	(339)	406	(384)
Total assets less current liabilities		10,369	9,687	10,333	9,642
<i>Net assets excluding pension (liability)/asset</i>		10,369	9,687	10,333	9,642
Pension Scheme (deficit)/ surplus	13	(560)	481	(560)	481
Total net assets		9,809	10,168	9,773	10,123
The funds of the charity:					
<i>Unrestricted reserves</i>	14				
General reserve		1,526	1,088	1,490	1,043
Pension reserve		(560)	481	(560)	481
Designated reserves		6,254	6,308	6,254	6,308
		7,220	7,877	7,184	7,832
<i>Restricted reserves</i>	14	2,589	2,291	2,589	2,291
Total group and charity funds		9,809	10,168	9,773	10,123

These financial statements were approved and authorised for issue by Council on 25 March 2021 and signed on its behalf by:


Steve Holliday FREng FEI
 President


Simardeep Soor ACA FEI
 Honorary Treasurer

Cash flow Statement for the year ended 31 December 2020

	Group	Group	Charity	Charity
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Cash flows from operating activities:				
Net Income for the reporting period (as per the statement of financial activities)	688	616	697	614
Gains on investments	(222)	(515)	(222)	(515)
Investment income	(118)	(122)	(118)	(122)
Depreciation of tangible fixed assets	97	105	97	105
Interest expense	5	10	5	10
(Increase)/Decrease in debtors	(406)	174	(778)	72
Increase in creditors	730	158	833	120
Non-cash operating movement in pension scheme asset	(6)	(5)	(6)	(5)
Net cash used in operating activities	768	421	508	279
Cash flows from investing activities:				
Investment income	118	122	118	122
Proceeds from sales of investments	250	-	250	-
Interest expense	(5)	(10)	(5)	(10)
Payments to acquire tangible fixed assets	(26)	(34)	(26)	(34)
Net cash provided by investing activities	337	78	337	78
Cash flows from financing activities:				
Repayments of borrowing	(147)	(156)	(147)	(156)
Net cash used in financing activities	(147)	(156)	(147)	(156)
Change in cash and cash equivalents in the year	958	343	698	201
Cash and cash equivalents at the beginning of the year	702	359	488	287
Cash and cash equivalents at the end of the year	1,660	702	1,186	488

Analysis of changes in net debt of Group

	1 January 2020	Cash flow	31 December 2020
	£'000	£'000	£'000
Cash at bank and in hand	543	95	638
Short term deposits	159	863	1,022
Total cash and cash equivalents	702	958	1,660
Bank loans	(147)	147	-
Total borrowings	(147)	147	-
Total	555	1,105	1,660

Cash flow Statement for the year ended 31 December 2020 (Continued)

Analysis of changes in net debt of Charity	1 January 2020 £'000	Cash flow £'000	31 December 2020 £'000
Cash at bank and in hand	329	85	414
Short term deposits	159	613	772
Total cash and cash equivalents	488	698	1,186
Bank loans	(147)	147	-
Total borrowings	(147)	147	-
Total	341	845	1,186

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 continue to assess the impact the global pandemic is having on the sector and wider public and continue to carry out 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.

Notes on the financial statements

Note 1 - Accounting Policies (continued)

Government grants relate to the Coronavirus Job Retention Scheme (CJRS) income which is recognised as receivable in line with the period that the relevant expense has been incurred.

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

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. On 1 January 2020, the Energy Institute entered into a salary sacrifice scheme agreement with the stakeholder pension scheme members.

Notes on the financial statements

Note 1 - Accounting Policies (continued)

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.

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 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Membership subscriptions	1,765	1,657	1,759	1,652
Knowledge sharing activities	1,933	2,335	1,334	1,716
Skills development activities	683	1,008	601	865
Good practice activities	3,205	3,346	3,205	3,346
Other	-	13	-	13
	<u>7,586</u>	<u>8,359</u>	<u>6,899</u>	<u>7,592</u>

Notes on the financial statements

Note 4 – 2020 Expenditure on charitable and other trading activities

	Direct costs Staff £'000	Direct costs Other £'000	Support costs £'000	2020 Total £'000
Good practice activities	1,187	1,479	394	3,060
Knowledge sharing activities	957	405	525	1,887
Skills development activities	609	656	263	1,528
External affairs	258	51	131	440
Charitable activities	3,011	2,591	1,313	6,915
Charitable and other trading expenditure in subsidiaries	-	369	-	369
Group total	3,011	2,960	1,313	7,284

Note 4 – 2019 Expenditure on charitable activities 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 excluding exceptional cost	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 5 – Analysis of support costs

	2020 £'000	2019 £'000
Support staff costs	839	748
Building facilities and services	194	245
Management & Human Resources	78	88
Finance	58	64
Information Technology	144	139
	1,313	1,284

Included in support costs are governance costs relating to:

Auditor's remuneration	20	19
Actuarial	3	3
Legal and consultancy	17	12
Salaries	5	5
Other	1	6
	46	45

Notes on the financial statements**Note 6 – Staff costs**

	2020 £'000	2019 £'000
Salaries	2,884	2,745
Social security	291	295
Stakeholder pension	240	88
Defined benefit pension service cost	91	100
Redundancy	30	-
Temporary/sub-contract staff	261	275
Other staff related costs	52	60
	3,849	3,563

The average number of employees was 75 (2019: 73).

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

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

Pension contributions paid in respect of these individuals totalled £159,000 (2019: £95,000).

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 (2019: no trustees). Trustees' expenses for travel and accommodation reimbursed during the year amounted to £1,529 (2019: £6,500) 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 £620,000 (2019: £617,000).

Notes on the financial statements**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 2020	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	599	68	19	-	686	772
Cost of sales	(267)	(70)	(5)	-	(342)	(350)
Gross profit	332	(2)	14	-	344	422
Admin/other costs	(5)	(1)	(36)	(2)	(44)	(50)
Trading profit/(loss)	327	(3)	(22)	(2)	300	372
Grants paid from EI	-	-	-	1	1	22
Net income/ (outgoings)	327	(3)	(22)	(1)	301	394
Amount payable by qualifying charitable donation to Energy Institute	(327)	-	-	-	(327)	(376)
Retained profit brought forward	-	23	33	7	63	45
Retained profit carried forward and net assets	-	20	11	6	37	63

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 2020	4,250	2,220	273	523	7,266
Additions	-	-	-	26	26
Cost at 31 December 2020	4,250	2,220	273	549	7,292
b) Depreciation					
Depreciation at 1 January 2020	462	77	106	404	1,049
Charge for the year	-	22	14	61	97
Depreciation at 31 December 2020	462	99	120	465	1,146
Net book value at 31 December 2020	3,788	2,121	153	84	6,146
Net book value at 31 December 2019	3,788	2,143	167	119	6,217

The lease on the premises at 61 New Cavendish Street has 938 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 2020 (2019: None).

Notes on the financial statements**Note 9 – Investments (Group and Charity)**

Alpha Common Investment Fund	£
	£'000
Market values	
1 January 2020	3,809
Sales proceeds	(250)
Net gain on revaluation	222
31 December 2020	3,781
Historical cost	
1 January 2020	2,617
31 December 2020	2,450

Council are aware of the current volatility in the investment markets. Council are not 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.

Note 10 – Debtors

	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Trade debtors	1,329	923	1,580	774
Prepayments and accrued income	321	307	317	289
Other debtors	1	15	1	15
	1,651	1,245	1,898	1,078

Note 11 – Creditors

	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Amounts falling due within one year				
Bank loans	-	147	-	147
Trade creditors	408	381	408	394
Taxation and social security	365	125	325	90
Accruals and deferred Income	2,096	1,633	1,945	1,319
	2,869	2,286	2,678	1,950

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)

In 2015 Energy Institute secured a loan of £750,000 towards the completion of the refurbishment works. £500,000 on a 5-year fixed term loan and £250,000 on a 5-year variable rate loan. Both loans were paid off in full at the end of November 2020.

Notes on the financial statements

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 59 (2019: 64) employees were £239,500 (2019: £87,500). The Energy Institute entered into a salary sacrifice scheme agreement with stakeholder pension scheme members from the 1 January 2020.

Defined benefit pension scheme

The Energy Institute operates a defined benefit pension scheme, the Energy Institute Pension and Dependents 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 2020, 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 2020 showed a deficit of £40,000.

Movement in assets during the period

	31 December 2020 % a year	31 December 2019 % a year
Principal actuarial assumptions		
Discount rate	1.4%	2.2%
Retail Price Inflation	3.2%	3.2%
Consumer Price Inflation	2.7%	2.2%
Salary growth	2.1%	2.2%
Rate of increases to pensions in payment		
– Price inflation (CPI) subject to a maximum of 2.5% p.a.	1.8%	1.6%
– Price inflation (CPI) subject to a maximum of 3% p.a.	2.0%	1.8%
– Price inflation (CPI) subject to a maximum of 5% p.a.	2.6%	2.25%
– Price inflation (CPI) subject to a maximum of 5% p.a. and a minimum of 3% p.a.	3.6%	3.45%
Demographic assumptions		
Mortality after retirement		
– Base table	S2PXA series year of birth (YOB) tables	S2PXA series year of birth (YOB) tables
– Future improvements	CMI_2019_M/F (1%)	CMI_2019_M/F (1%)
Proportion taking tax free cash	100%	100%
Assumed life expectancy at aged 65	Males	Females
Current pensioners	21.8 years	24.1 years
Retiring in 20 years	22.8 years	25.3 years
	Males	Females
	21.4 years	23.4 years
	22.5 years	24.6 years
Changes in fair value of plan assets	31 December 2020 £'000	31 December 2019 £'000
Opening fair value of plan assets	9,123	8,075
Employer contributions	107	115
Employee contributions	28	28
Benefits paid	(296)	(270)
Expenses paid	-	-
Expected return on scheme assets	199	232
Actuarial gain/ (losses) on assets	720	(943)
Closing fair value of plan assets	9,862	9,123
Actual return on plan assets	919	1,175

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 2020	31 December 2019
Diversified Growth Fund	47.8%	45.7%
Bonds	32.6%	33.7%
Gilts	19.3%	19.8%
Cash	0.3%	0.1%
Annuities	-	0.7%

Changes in present value of defined benefit obligation	31 December 2020	31 December 2019
	£'000	£'000
Opening defined benefit obligation	8,642	7,814
Current service cost	109	117
Employee contributions	28	28
Interest cost	188	225
Benefits paid	(296)	(270)
Scheme amendments	(16)	-
Remeasurement loss/(gain) on defined benefit obligation:		
- Impact of experience	(12)	(9)
- Impact of amended financial assumptions	1,683	917
- Impact of amended mortality assumptions	(96)	(180)
Closing defined benefit obligation	10,422	8,642

Pension expense

Analysis of the amount charged to income and expenditure

	31 December 2020	31 December 2019
	£'000	£'000
Current service cost	(109)	(117)
Expenses	(19)	-
Interest on net liability	11	7
Actuarial remeasurement	16	-
	(101)	(110)

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 2020	31 December 2019
	£'000	£'000
Actual less expected return on plan assets	720	943
Experience gains/(losses) on liabilities	12	9
Change in assumptions	(1,779)	(737)
Actuarial (loss)/gain recognised in OCI	(1,047)	215

Balance sheet position	31 December 2020	31 December 2019
	£'000	£'000
Present value of defined benefit obligation	(10,422)	(8,642)
Fair value of plan assets	9,862	9,123
Net defined benefit pension (liability)/asset	(560)	481

Notes on the financial statements

Note 14 – 2020 Group Reserves

	1 January 2020	Incoming resources	Resources expended	Transfers and other gains/(losses)	31 December 2020
	£'000	£'000	£'000	£'000	£'000
Unrestricted reserves					
<i>General reserves</i>	1,088	6,251	(5,982)	169	1,526
<i>Pension reserve</i>	481	-	6	(1,047)	(560)
	1,569	6,251	(5,976)	(878)	966
<i>Designated reserves</i>					
UK WPC reserve	17	6	(9)	-	14
Powerful Women reserve	74	140	(121)	-	93
Fixed asset reserve	6,217	-	(96)	26	6,147
	6,308	146	(226)	26	6,254
Total unrestricted reserves	7,877	6,397	(6,202)	(852)	7,220
Restricted reserves					
Partner technical projects	1,338	1,291	(965)	-	1,664
Shell hearts and minds	471	46	(101)	-	416
General prize fund	6	-	-	-	6
Benevolent fund	476	16	(16)	27	503
Total restricted reserves	2,291	1,353	(1,082)	27	2,589
Total Reserves	10,168	7,750	(7,284)	(825)	9,809

Note 14 – 2020 Charity Reserves

	1 January 2020	Incoming resources	Resources expended	Transfers and other gains/(losses)	31 December 2020
	£'000	£'000	£'000	£'000	£'000
Unrestricted reserves					
<i>General reserves</i>	1,043	5,891	(5,613)	169	1,490
<i>Pension reserve</i>	481	-	6	(1,047)	(560)
	1,524	5,891	(5,607)	(878)	930
<i>Designated reserves</i>					
UK WPC reserve	17	6	(9)	-	14
Powerful Women reserve	74	140	(121)	-	93
Fixed asset reserve	6,217	-	(96)	26	6,147
	6,308	146	(226)	26	6,254
Total unrestricted reserves	7,832	6,037	(5,833)	(852)	7,184
Restricted reserves					
Partner technical projects	1,338	1,291	(965)	-	1,664
Shell hearts and minds	471	46	(101)	-	416
General prize fund	6	-	-	-	6
Benevolent fund	476	16	(16)	27	503
Total restricted reserves	2,291	1,353	(1,082)	27	2,589
Total Reserves	10,123	7,390	(6,915)	(825)	9,773

Notes on the financial statements

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	-	(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	-	(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

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.

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 – 2020 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	Pension reserve	31-Dec-20
	£'000	£'000	£'000	£'000
Unrestricted reserves	1,276	250	-	1,526
Pension reserve	-	-	(560)	(560)
Designated reserves	6,145	109	-	6,254
	7,421	359	(560)	7,220
Restricted reserves	2,506	83	-	2,589
Total	9,927	442	(560)	9,809

Note 15 – 2020 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)	Pension reserve	31-Dec-20
	£'000	£'000	£'000	£'000
Unrestricted reserves	1,276	214	-	1,490
Pension reserve	-	-	(560)	(560)
Designated reserves	6,145	109	-	6,254
	7,421	323	(560)	7,184
Restricted reserves	2,506	83	-	2,589
Total	9,927	406	(560)	9,773

Notes on the financial statements

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)	-	481	7,832
Restricted reserves	2,551	(260)	-	-	2,291
Total	10,026	(384)	-	481	10,123

Note 16 – 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 had no balances owing (2019: £2,000) to the Energy Institute. Transactions during the year with EI services Ltd, resulted in an amount due to the Energy Institute totalling £262,419 (2019: due from EI £18,436). Energy Institute raised invoices to EI Services Ltd totalling £261,000 (2019: £244,000) in respect of recharged costs. There are no other related party transactions that require disclosure.

Notes on the financial statements

Note 17 – Comparative Statement of Financial Activities

Consolidated Statement of Financial Activities for the year ended 31 December 2019
(Including consolidated income and expenditure)

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

Notes on the financial statements

Note 17 – Comparative Statement of Financial Activities (Continued)

Charity Statement of Financial Activities for the year ended 31 December 2019
(Including income and expenditure account)

		2019 Unrestricted General reserves £'000	2019 Designated reserves £'000	2019 Restricted reserve £'000	2019 Total reserves £'000
	Note				
Income:					
<i>Income from charitable activities:</i>					
Members' subscriptions		1,652	-	-	1,652
Charitable activities		4,293	119	1,528	5,940
	3	5,945	119	1,528	7,592
Donations		376	-	-	376
Investments		107	-	14	121
Total income		6,428	119	1,542	8,089
Expenditure:					
Charitable activities		6,112	212	1,666	7,990
Total expenditure	4	6,112	212	1,666	7,990
Net gains on investments	9	455	-	60	515
Net income/(expenditure)		771	(93)	(64)	614
Transfers between funds		(34)	34	-	-
Other recognised gains/(losses):					
Actuarial gains on Pension Plan	13	215	-	-	215
Net movement in funds		952	(59)	(64)	829
Reconciliation of funds:					
Total funds brought forward		572	6,367	2,355	9,294
Total funds carried forward	14	1,524	6,308	2,291	10,123